FINANCIAL TIMES

No. 27,607 Tuesday July 11 1978 ***15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pts 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

ENERAL

Army coup in Sahara state

rmy officers led by General ustafa Ould Salek, the Chief f Staff, seized power in the esert republic of Mauritania, art of which has been under ttack by Algerian-backed olisario guerrillas for more an two years.

They overthrew the pro-Western President Moktar Ould addah, but a broadcast from e capital Nouakchott *did not* ndicate what the junta's attitude ould be in the conflict between e Mauritanian Army, backed France and Morocco, against e Polisario

Moroceo warned that there ould be grave consequences if e new regime sought to ompromise with Polisario to nd the war, which is crippling auritania economically and is pposed by many of its habitants. **Page 3**

Shot Iraqi dies

eneral Abdul Razzak Al-Naif, e former Iraqi Premier gunned own outside a London hotel on unday, has died in Westminster ospital. Two men are helping olice inquiries. **Page 3**

Body found

he body of murdered RUC onstable William Turbitt was ound at a derelict building near e border in South Armagh A ost-mortem showed that he died uring the ambush in which be sappeared three weeks ago.

Doors locked

he doors of both sides of the ailing coach on last Thursday's entrance to London sleeper xpress were found locked by remen a coroner at Taunton as told when the inquest on 11 ictims opened.

Access to files

he Liberals have issued a shadow white paper," proposing egislation that would give every itizen the right to see any fficial file containing information on him. **Society Today, Page 21**

Joe Davis dies

oe Davis, who retired unbeaten n 1946 after 20 years as world nooker champion, has died, aged 77.

Welshman 'held'

xty-six Welshmen and women ent a letter to Carmathen own Court claiming responsibility for holding the chairman the Welsh Language Society, ho faces conspiracy charges, in another place." A warrant was issued for his arrest.

£125,000 award

A 42-year-old man, paralysed uring a kidney investigation in ospital, was awarded £125,000 agreed damages against a radiologist and the Mersey Regional Health Authority.

Briefly . . .

Middle East Airlines was fined 175 at Uxbridge Court for arrying a 31 inch Irish setter n a 15½ inch box.

Melbourne, Australia: Six members of a family were killed when a light aircraft ploughed nto their home on take-off from suburban airport.

ormer Baader-Meinhof lawyer urt Groenewold was given a wo-year suspended sentence in Hamburg for running a network which kept jailed guerrillas in ouch with those still at large.

Eleven students were each fined 100 at Hatfield Court for dishonestly using electricity by making overseas calls via a faulty overseas dialling system.

Birmingham motorist who ended a row with another driver by hitting him with an axe is being sought by police.

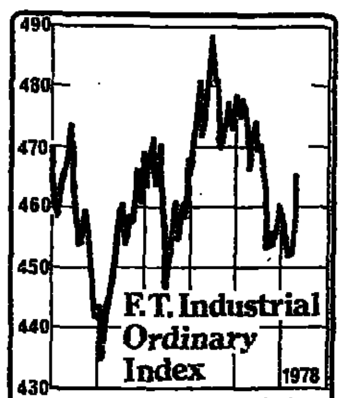
Nine people were injured, two seriously, at Dagenham, Essex, in an explosion at a house near where roadworks were taking place

BUSINESS

Sterling improves; Dollar suffers

● **STERLING improved strongly** against most currencies, touching a high point of $1.8980 and closing 1.6 cents up at $1.8895. The pound's trade-weighted index closed at 62.0 (61.6). The dollar suffered from a renewed bout of selling, on uncertainty *over implications of last week's* Bremen summit. Its trade-weighted depreciation widened to 8.0 (7.6) per cent.

● **EQUITIES** reflected the pound's advance on foreign exchange markets. The FT 30-Share Index closed 9.9 up — the biggest single day rise since April 27 — at 465.5.



● ***GILTS traded strongly.*** The Government Securities Index closed 0.55 up at 70.26.

● **GOLD** rose $2¼ to $186¼ prompted by weakness in the U.S. dollar.

● **WALL STREET** was 1.12 up at 813.58 near the close.

Nuclear fuels talks agreed

● **EUROPEAN** Commission *agreed to talks with the U.S.* Government on revisions to the U.S.-Euratom Treaty governning the use of nuclear fuels. **Back Page.** *Mexican Foreign Minister* had talks with British Nuclear Fuels representatives on *Mexico's needs for nuclear fuel enrichment* **Back Page and Editorial Comment, Page 20**

● **MAJOR** trading countries' representatives meeting in *Geneva are tackling obstacles* blocking agreement on guidelines which will shape the final package in the Tokyo round of multilateral trade negotiations. **Back Page**

● **WORLD** sales of rough diamonds handled by the Central *Selling Organisation on behalf of* De Beers and other producers hit a new record in the first half of this year of R1.06bn ($1.22bn)—a 13 per cent increase compared with the same period last year. **Page 24**

● **POST OFFICE** Engineering Union said that the Government-appointed inquiry into the dispute over the union's claim for a 35-hour working week had failed to find a peace formula. **Page 8**

● **HOUSE OF FRASER** is now the sole owner of Scotland's Aviemore ski centre, after paying £445,000 to acquire the two-thirds of Highland Tourist (Cairngorm Development) it did not previously own. **Page 7**

● **BRITAIN** gave £100m in aid to India in the year to March 1978. **Page 4**

COMPANIES

● **MITSUBISHI** Electric reports a 31 per cent rise in consolidated profit for the year to March 31, from Y9.42bn to Y12.34bn (£33.2m). **Page 28**

● **EMPAIN-SCHNEIDER** turnover in the first quarter of this year totalled FFr 7bn (£0.8bn), an increase of 23 per cent on the same period last year. **Page 27**

● ***KOHLER BROTHERS***, 73 per cent owned by Union Corporation, has reported a rise in pre-tax profits from R4.5m to R6.5m *(£4.35m) in the six months to* June 30. **Page 28**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 5pc 1982	£84¼xd	+ ¼
Treasury 13¼pc 1996	£118⅞	+ ⅞
Associated Newspapers	171xd	+ 10
Beecham	655	+ 10
Brown (John)	388	+ 8
Christy Bros	49	+ 4
Clark (Matthew)	144	+ 12
Crossley Building		
Prods	103	+ 30
Distillers	189	+ 5
[illegible]	367	+ 12
GEC	271	+ 8
Glaxo	566	+ 13
Gough Cooper	72xd	+ 5
GUS A	280	+ 14
Hawker Siddeley	212	+ 8
Hay's Wharf	140	+ 8
Heniys	124½	+ 6½
ICI	370	+ 8
Latham (James)	130	+ 17
Lloyds Bank	262	+ 7
Lucas Inds.	301	+ 7
Macpherson (Donald)	65½	+ 4½
May and Hassell	62	+ 5
Mothercare	166	+ 8
Norwest Holst	108	+ 8
Ratners (Jewellers)	73	+ 6
Raybeck	84	+ 6
Thorn Electrical	350	+ 14
Time Products	171	+ 9
Tube Investments	358	+ 10
Unilever	526	+ 14
Wigfall (Henry)	227	+ 7
British Petroleum	844	+ 12
Burmah Oil	63	+ 4
Shell Transport	570	+ 16
Guthrie	375	+ 13
Durban Deep	250	+ 40
Cons. Gold Fields	181	+ 7
Silvermines	52	+ 5
FALL		
Toothill (R. W.)	38	− 6

£400m air package—but no decision yet on short-haul jet

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

The Government approved yesterday a £400m package of long-awaited aviation decisions. They included:

1—Permission for British Airways to buy 19 U.S.-built Boeing 737 short-range jets to replace its ageing Trident Ones and Twos, worth about £120m, together with approval to negotiate for up to six more British Aerospace One-Eleven jets, worth about £30m; and

2—Go-ahead for full-scale development of the £250m short-haul HS-146 feeder-liner jet *by* British Aerospace, the nationalised aircraft manufacturing group.

The two decisions together will *go a long way toward removing* the uncertainties hanging over British Airways and British Aerospace in recent months.

Still outstanding is a decision on which way the UK intends to move in development of a new-generation short-haul jet for the 1980s—either collaboration with Western Europe on the Airbus Industrie B-10 and Joint European Transport (JET) ventures; or with Boeing of the U.S. in developing the proposed 757 short-to-medium haul jet.

Coupled with this is an outstanding decision on whether to *allow Rolls-Royce to develop its* new version of the RB-211 engine, the Dash 535 model.

These are regarded as longer-*term strategic decisions* requiring much more detailed consideration by Ministers.

But the Boeing 737 aircraft for British Airways are sought urgently by 1980 to meet rapidly *emerging replacement needs*, while British Aerospace has sought a decision on the HS-146 for some time, to meet growing world market demand for an aircraft of this type.

The U.S. Civil Aeronautics Board is preparing an order that would allow domestic airlines *to cut regular fares by* 50 per cent or more, Page 4. Kaufman statement, Page 8. A major step towards airline reform, Page 12

British Airways intends to start negotiations with Boeing immediately, to ensure that it can secure delivery positions on the production line to meet its 1980 targets. Original delivery dates offered by Boeing expired on June 30, but the U.S. company *is expected to be able to meet* the UK airline's needs.

At this stage it is not clear when British Airways will open *negotiations with British Aero*space on the additional One-Eleven jets. This decision is seen to some extent as a placatory *measure to the trade unions for* allowing the airline to buy American, and to ensure that British Aerospace can keep its One-Eleven production line ticking over.

The decision to permit full-scale development of the HS-146 can also to some extent be regarded as counterbalancing British Airways' purchase of U.S. short-haul jets. The two aircraft, however, are in no way comparable, the HS-146 being much smaller, than the twin-engined Boeing 737.

The HS-146 is the aircraft originally begun on a joint venture basis by the Government *and Hawker Siddeley Aviation in* 1973, but shelved in 1974 after the oil crisis and subsequent industrial recession, which halted world demand for new aircraft.

Since then the HS-146 has been "on ice," with only a limited amount of Government cash aid to keep it ticking over.

The decision to allow it to go ahead again, announced by Mr. Gerald Kaufman, Minister for Industry, in the Commons aerospace debate yesterday, follows considerable pressure from the nationalised British Aerospace group for resumption of the venture.

It will boost flagging morale throughout the civil side of the aerospace industry, and ensure *employment for 7,000 in British*

Continued on Back Page

Callaghan denies split with EEC

By Richard Evans, Lobby Editor

MR. JAMES CALLAGHAN appeared much more positive in his broad support for the stabilisation plan for European currencies than many MPs expected when he reported to the Commons yesterday on his *return from the Bremen summit.*

It was a performance aimed at correcting the impression that Britain was at loggerheads with its EEC partners, *particularly* West Germany and France. This would have undermined the Prime Minister's position at the *world economic summit in Bonn* at the end of the week.

To the consternation of Labour anti-Marketeers the Prime Minister demonstrated he was not opposed in principle to a *move towards greater economic* and monetary co-operation within the Common Market, provided Britain benefited.

In prolonged questioning Mr Callaghan stressed that an essential pre-condition to Britain's acceptance of the scheme would be a transfer of resources within the Community and, in particular, the reform of the Common Agricultural Policy. He claimed more support for Britain's critical view of the CAP than ever before.

He frankly admitted that joining the currency scheme would mean a further loss of independent control but he added: "The House must take the decision whether we wish to remain poor, and independent or sacrifice powers and remain more prosperous.

Mrs. Margaret Thatcher, Conservative leader, avoided any great show of enthusiasm, for the Bremen proposals, in contrast to some of her more Euro-*pean-minded back-benchers.* She confined herself to the claim that Britain was more likely to get out of the problems of world *recession by co-operation with* her partners than by standing aside from the scheme they had put up.

She welcomed the concept of a currency stabilisation scheme, but thought no such scheme could be a substitute for running the Country's economy in a sound way.

Parliament Page 8
Schmidt interview Back and Page 20

£ in New York

—	July 7	Previous
Spot	$1.8766-2775	$1.9670-9675
1 month	0.36-0.31 dis	0.40-0.35 dis
3 months	1.24-1.19 dis	1.20-1.15 dis
12 months	5.00-4.70 dis	4.90-4.70 dis

Soviet trials threat to arms talks—Vance

BY OUR FOREIGN STAFF

THE TRIALS of Soviet dissidents could jeopardise chances of US Senate ratification of any *new treaty agreed at this* year's Strategic Arms Limitation Talks, Mr. Cyrus Vance, the US Secretary of State, warned yesterday.

He said that the trials had aggravated relations between Moscow and Washington but added that the US considered the SALT negotiations were too important for world peace to be linked to other issues in US-Soviet relations.

The SALT negotiations start in Geneva tomorrow.

His remarks came as international protest mounted at *yesterday's opening* in Russia of the trials of Mr. Anatoly Shcharansky and Mr. Alexander Ginzburg, two of the most prominent Soviet dissidents.

In London, Mr. James Callaghan told the Commons that the trials placed "a very severe test on relations between the Soviet Union and *other countries.*"

The proceedings bore "some of the hallmarks of the trials we knew in Stalin's day," he said.

Dr. David Owen, the Foreign Secretary, said the trials directly contravened the spirit and intention of the 1975 East-West *Helsinki Agreement,* in which both sides agreed to uphold human rights.

Mr. Vance rejected criticism *that, by going to Geneva, he* was giving the Russians "the wrong signal at the wrong time."

He did warn, however, that the US administration was examining other ways of expressing its displeasure at Soviet conduct. Already visits to Moscow by two official US delegations have been cancelled.

Dissident faces court

BY DAVID SATTER MOSCOW, July 10.

MR. ANATOLY SHCHARANSKY *emphatically stated his innocence* and described the espianage charge against him as absurd when he apeared at a Moscow *People's Court.*

The Soviet news agency Tass said Mr. Shcharansky has been charged with treason, for *espionage and "giving a foreign* state assistance in conducting hostile activities against the USSR."

He also faces a new charge of anti-Soviet agitation.

If convicted on the treason charge, Mr. Shcharansky could *be sentenced to death.* The maximum penalty for anti-Soviet agitation is seven years' imprisonment and five years' exile.

At an almost-unprecedented Foreign Ministry briefing for correpsondents barred form the trial, a Soviet spokesman said Mr. Shcharansky is accused of providing information on Soviet defence establishments to foreign intelligence agents, including Western diplomats and an agent under journalistic cover.

Mr. Shcharansky's brother, Leonid, 32, wha was belatedly admitted to the trial, said that *Mr. Shcharansky* was *accued* in the indictment of calling on the U.S. Congress to impose discriminatory trade measures against USSR *and of sending subversive* material to the Voice of America, the BBC, Radio Free Europe and Radio Liberty.

Mr. Leonid Shcharansky said that the court identified the journalist described as a CIA agent as Robert C. Toth, former Moscow correspondent of the *Los Angeles Times, who wrote* an articles with Mr. Shchransky's help.

Mr. Toth has repeatedly denied that he even worked for the CIA

Mr. Leonid Shcharansky said that his brother asked to be relieved of his court-appointed attorney, Silva Dubrovskaya, and to conduct his own defence

This request was granted and Mr. Shcharansky submitted a 40-page list of witnesses and evidence he wanted presented on his behalf.

The court allowed in evidence only the United Nations Charter on Civil and Political Rights, which the Soviet Union signed in 1976, the full text of the 1975 Helsinki Agreement, the appearance of *Leonid Volvovski,* a fellow Jewish activist, and records from the Central Post Office.

The list of prosecution witnesses was said to include Dr. Sanya Lipavsky, a former "family doctor" and three *former Jewish activists* who have denounced their former associates in the Soviet press.

Tass also announced that a man identified as only A. Filatov was going on trial for treason in the form of espionage before the Military Collegium of the Soviet Supreme Court.

His name was unfamiliar to dissidents and it was not known what connection, if any, his trial might have in the Shcharansky case.

Other reactions Page 2
Parliament Page 8

Output prices confirm lower inflation trend

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

OUTPUT PRICES charged at the factory gate by manufacturing industry continue to rise at a moderate pace. A marked slackening has also occurred in the rate of increase in raw material costs after the sharp jump in the late spring.

This is indicated by the June wholesale price indices published yesterday by the Department of Industry.

The figures support Government claims that the 12-month rate of retail price inflation will remain around 8 per cent for the rest of 1978.

The increase was 7.7 per cent in the year to mid-May and the June index will be published on Friday.

There has been some scep*ticism among non-Whitehall* economists about the Government's claims, though these are widespread, but not universal, projections of at least a single figure rate until the end of this *year.*

Most economists predict an annual rise of slightly over 10 per cent in 1979.

There may be a slight acceleration in the underlying rate of increase in retail prices from the autumn onwards as the fall in sterling in the spring and higher pay settlements work through.

There are no warning signs of this yet in the output price index, which rose by just over ½ per cent in June to 286.2 (1970=100).

This is similar to the rise in recent months. Since the beginning of the year this index has increased by 4¼ per cent.

Output prices are likely to be affected shortly by the earlier sharp jump in raw material costs—up 5.8 per cent between February and June.

But the strengthening of the pound was reflected last month in an increase in the materials index of less thas ½ per cent to 342.9 (1970=100), compared

WHOLESALE PRICES (1970=100)

		Output (home sales)	Raw Materials
1977	1st	248.0	341.5
	2nd	259.2	347.7
	3rd	267.7	340.5
	4th	272.1	330.6
1978	1st	279.0	326.7
	2nd	284.5	340.6
	Jan.	277.1	324.9
	Feb.	279.2	324.2
	March	280.6	331.0
	April	282.7	337.4
	May	284.6*	341.5*
	June	286.2*	342.9*

* Provisional
Source: Department of Industry

Continued on Back Page
Editorial comment, Page 20

Boilermakers' merger talks fail

BY MAX WILKINSON

THE LONG-DRAWN-OUT attempt to rationalise Britain's two manufacturers of power station boilers have failed.

Northern Engineering Industries, owner of Clarke Chapman, said it was breaking off talks with Babcock and Wilcox after more than 18 months.

The two companies *had* planned to form a merged company to include the Clarke Chapman Gateshead works, and Babcock's operation in Renfrew and Dumbarton.

At the start of the talks, it was intended that the National Enterprise Board should have a 31 per cent stake in the new company. Babcock would have had 49 per cent and Northern Engineering 20 per cent.

The NEB withdrew, however, partly because of opposition from Babcock and partly because it did not believe it could contribute to the management of a boilermaking company. Negotiations then centred on a new formula which would have given Babcock control with 75 per cent of the shares and Northern *Engineering 25 per cent.*

Only two months ago, Babcock and Northern Engineering believed a merger on these terms was imminent, and letters were exchanged in which July 1 was proposed for a formal announcement of their agreement.

Since then, however, both companies have become worried about the prospects of new orders for power stations from the Central Electricity Generating Board. Northern Engineering became alarmed that Babcock, as the controlling shareholder of the new company, would run down the Gateshead works or close it.

Northern Engineering said yesterday: "It has not been possible to agree effective safeguards which would secure the maintenance of an acceptable level of employment at the Gateshead power plant centre."

It appears, however, that the negotiations have been broken off in a reasonable amicable spirit. Northern Engineering indicated that it *intended* to continue to collaborate with Babcock in constructing power stations.

Why the talks collapsed Page 6

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

EUROPEAN NEWS

Ginzburg pleads not guilty to anti-Soviet agitation

BY DAVID SATTER

MOSCOW, July 10.

MR. ALEXANDER GINZBURG, a prominent Soviet dissident for almost 20 years, today pleaded not guilty to charges of anti-Soviet agitation in a Soviet regional court in Kaluga, 100 miles south-west of Moscow.

The trial was attended by Mr. Ginzburg's wife, Arina, and his mother, but Dr. Andrei Sakharov, the Nobel peace prize winner, was prevented from attending the "open" trial and the court declined a motion by Mr. Ginzburg to call Dr. Sakharov as a defence witness.

Mr. Ginzburg has already served a five-year labour camp sentence for anti-Soviet agitation and suffers from a heart condition, a tubercular condition and ulcers.

Mrs. Ginzburg said that after 17 months of pre-trial confinement he appeared drastically thinner, pale, and had gone completely grey. If convicted a second time, Mr. Ginzburg faces a maximum sentence of ten years imprisonment and five years' exile.

The Soviet news agency Tass said the indictment charged Mr. Ginzburg, a leading member of the group which sought to monitor Soviet observance of the Helsinki accords, with circulating "slanderous inventions discrediting the Soviet state and social system" and using money obtained from abroad to finance "the hostile activities of criminal elements."

Mrs. Ginzburg said that her husband said he would refuse to testify in the case, apparently believing its outcome is a foregone conclusion. Tass said "the charges against Ginzburg are supported by the evidence."

Mrs. Ginzburg said that included in the anti-Soviet documents her husband was accused of keeping or disseminating were the works of Mr. Alexander Solzhenitsyn, the exiled author, and working papers of the "Helsinki" group.

Dr. Sakharov, although barred from attending the trial, issued a written statement in which he said that since Mr. Ginzburg worked prior to his arrest for a year as Dr. Sakharov's secretary, "all activities which incriminate Mr. Ginzburg, he did with my participation."

As the trial of Mr. Ginzburg was beginning, the trial of Victoras Pyatkus, the leader of the Lithuanian Helsinki monitoring group, was reported under way in Lithuania. Mr. Pyatkus has been charged with anti-Soviet agitation and faces a maximum sentence of seven years' prison and five years' exile.

In April, a colleague of Mr. Pyatkus's, Balis Gayauskas, was convicted on the same charges but, like Mr. Ginzburg, Mr. Gayauskas had a previous conviction for anti-Soviet agitation. He was sentenced to ten years in a labour camp and five years' exile.

Reuter adds from Kaluga: Court officials also denied entry to the Ginzburg trial to diplomats representing the U.S., Britain, Canada, Holland and Australia. One was told he did not have the pass necessary to enter the court, others that the courtroom was full.

In an unusual gesture to the Western press, an official of the Soviet Foreign Ministry's press department invited correspondents to a briefing by court officials after the morning session.

It was believed to be the first time in 10 years that the Foreign Ministry had taken such action during a dissident trial and seemed to indicate some concern that the official account of the proceedings should receive publicity outside the country.

E. German sentences suggest joint strategy

BY LESLIE COLITT

EAST BERLIN, July 10.

THE SENTENCING of two East German political dissidents just before the opening of political trials in the Soviet Union suggests that a joint strategy is being followed by East Berlin and Moscow on ridding their respective countries of activist opponents.

On June 30, an East Berlin court sentenced one of the most outspoken critics of the Government, Herr Rudolf Bahro, to eight years in prison for the "treasonous collecting of information as well as the betrayal of secrets." A week later the 22-year-old East Berliner Herr Nico Hübner was given a five year prison term for evading military service and for espionage and "agitation against the State."

He is said to have received "instructions" from a West Berlin group, the Society for Human Rights.

Herr Bahro, previously an obscure economist in an East Berlin factory, came to prominence last summer when he openly criticised the East German Communist Party, of which he had been a member for over 20 years. Interviewed on West German television from his East Berlin apartment 43-year-old Herr Bahro said the political and economic systems of the Communist countries were thoroughly corroded.

A book, written by Herr Bahro, entitled The Alternative appeared shortly afterwards in West Germany and hand typed copies are now circulating among students and intellectuals in East Germany. In it he wrote that the leaders of his own country and the other Communist societies, instead of aiming to create a humane Socialist and Communist society, had created a system of "bureaucratic centralism dominated by an organised lack of responsibility."

Herr Bahro was found guilty of gathering information for "hostile forces" in West Germany and of using "intelligence means." This verdict, that the West is behind the political dissent in Communist countries, may well be heard when the courts in the Soviet Union read their convictions of the Soviet dissenters.

THE EUROCOMMUNIST RESPONSE

A subtle protest campaign

BY ROGER BOYES

THE TRIALS of Alexander Ginzburg and Anatoly Shcharansky pose a serious dilemma for the West European Communist parties, whose relations with Moscow are coming under increasing strain. The Communist parties of Italy, France and Spain will probably condemn the trials in much the same tone as they denounced the sentencing earlier this year of Dr. Yuri Orlov: a soft-spoken protest, a "fraternal reproof," as one senior British Communist put it. But members of the Eurocommunist parties are now preparing a more subtle protest campaign, one that could prod the Kremlin more effectively than even a strong response from the U.S.

Western Communists, especially the Italian party, have launched a concerted drive to rehabilitate the leading victim of the Soviet political trials of the 1930s—Nikolai Bukharin. "By condemning the illegal repressions of the past," argued one British analyst last week, "they are showing their considerable distaste for the repressions of the present."

In the obscure code of intra-Communist relations, the adoption of the Bukharin cause represents a strong challenge to Moscow. Bukharin was sentenced to death and duly executed for defying Stalin. This latest move is in the nature of a warning against a return to Stalinist measures against today's political opponents.

Preparing a reaction to Soviet measures against human rights activists is a delicate issue for the Eurocommunists, a question both of ideological loyalty and of pragmatic electoral reasoning. Each move towards a more liberal approach has brought rewards at the ballot box for the Italian, French and Spanish parties but has also brought criticism from the hardcore elements in the respective parties as well as from the Kremlin.

The tension between the two rival strands is most evident during Soviet political trials, which in some ways dramatise the internal conflicts of the Eurocommunists. The 1966 trial of the Russian writers Andrei Sinyavsky and Yuli Daniel, for instance, drew protests from the "liberalisers" within the Italian and French parties, but the complaints were quickly muffled by compensatory blasts of pro-Soviet praise from Stalinist sympathisers.

In the view of Sr. Santiago Carrillo, General Secretary of the Spanish Communist Party, Eurocommunism is a synthesis of two trends: "Socialism running parallel to democracy, freedom with universal suffrage, and alternation of parties in the Government," and "independence without submitting to an international discipline and without obeying orders from Moscow."

Yet all the West European Communist parties have Stalinist pasts—all, for instance, followed the Soviet lead in condemning President Tito of Yugoslavia when he broke with Stalin in 1948-49—and it is the difficulty of coming to terms with this background that conditions their response to the Soviet Union's current behaviour towards dissidents.

Western Communists have launched a concerted drive to rehabilitate the leading victim of the Soviet political trials of the 1930s—Nikolai Bukharin.

Before the late 1960s the West European parties generally subscribed to the belief that unwavering support should be extended in public to the ruling Communist parties in Eastern Europe, whatever disagreements lay beneath the surface. Moves by Nikita Krushchev, the former Soviet leader, to dismantle the Stalinist apparatus gave the Western parties some confidence, but the real watershed was efforts by Alexander Dubcek, the former Czechoslovak leader, to create a system of "Socialism with a human face."

The "Prague Spring" was viewed as a possible model for the West European parties, a way of reconciling the liberal traditions of their countries with their Marxist goals. The Italians again led the way and established close links with the Dubcek regime. The Soviet invasion in 1968, however, put paid to the Czechoslovak experiment and at the same time strengthened the resolve of the Western "liberalisers" to develop national brands of Communism independent of Moscow. It also freed the Eurocommunists from a few — though by no means all — of their inhibitions about criticising the Soviet Union.

The decision to use the Bukharin case to make a contemporary criticism is an interesting illustration of how the Eurocommunists have shifted their approach over the past decade. When openly disagreeing with Moscow, the Eurocommunists still have to pull their punches. But by campaigning strongly on an apparently doctrinal point, their case can be put with real force. Bukharin was a contemporary of Lenin, a Bolshevik theoretician, a clever economist and the editor of Pravda, the Communist daily newspaper. He disagreed with Lenin on some issues — the conclusion of the Brest-Litovsk peace treaty in the first World War, for instance, and over the theoretical role of the proletariat — but they respected each other and Bukharin flourished. After Lenin's death, Bukharin became a senior member of the Politburo under Stalin and, in spite of personal antipathy, backed him in a campaign against Trotsky and his supporters.

Bukharin believed this campaign would keep alive Lenin's policy of creating an alliance between the industrial proletariat and the peasantry. But as the Soviet Union pushed forward with the forcible collectivisation of land, it became clear that Stalin had abandoned the alliance. Bukharin criticised Stalin in a lengthy Pravda article and the split widened between the two until he was arrested in 1937 and tried and executed the following year for espionage, sabotage and conspiring to murder.

At least seven of those tried with Bukharin have now been rehabilitated—an official admission of their innocence or at least of past injustice—and, during the Krushchev era, historians frankly admitted that Bukharin had been convicted on the basis of forced "confessions." But the Soviet authorities have steadfastly refused to consider requests from Bukharin's son, Yuri Lapin, to rehabilitate him.

Mr. Lapin appealed to Sig. Enrico Berlinguer, general secretary of the Italian Communist Party, to put pressure on the Soviet leadership. In an article last month in the Communist daily L'Unita, issued in the same week as the sentencing of two Soviet dissidents, the party historian, Sig. Paolo Spriano, set out the case for rehabilitating Bukharin and attacked his trial as a miscarriage of justice. A further newspaper interview spelled out the party's position even more clearly.

M. Louis Althusser, the French Communist theoretician, has associated himself with an appeal to the Soviet Government on behalf of Bukharin, although more orthodox members of the French party have yet to commit themselves. Sr. Carrillo, on the other hand, is understood to be sympathetic to Bukharin's rehabilitation, and other Western parties have joined the campaign.

It is unclear however how the USSR will react. The present Kremlin leadership laid the foundations of their careers under Stalin during the 1930s and rehabilitating a man whom they all denounced at the time could be embarrassing. But it may prove more expedient for the Soviet leaders to rehabilitate Bukharin quickly and without fuss rather than tackle head-on its dispute with the Eurocommunists over how dissidents should be treated.

Swedish industrial production recovers

By William Dullforce

STOCKHOLM, July 10.

SWEDISH INDUSTRIAL production has started to grow after an almost unbroken three-year decline. The principal recovery factor is the increase in export orders, which exceeded expectations in the first half of the year and are expected to continue to improve in the third quarter.

This summary is taken from the June survey of Swedish industry by the National Economic Research Institute. It dampens optimism by pointing out that the revival starts from a very low level.

The increase in industrial output is still small as the greater export demand has resulted primarily in a running down of producer stocks.

Employment within industry has continued to fall and, to judge by the companies' replies, this trend will persist through the rest of the year. There were 91,000 jobless in June, according to the Central Bureau of Statistics. This is 29,000 more than in June last year and 14,000 more than in May this year.

Another negative element is the weakness of the home market, which has hit particularly hard in the consumer goods sector and the important machinery industry. Building activity, however, it picking up and building material suppliers report increased orders.

Companies forecast a swifter rise in prices during the third quarter on both the domestic and export markets. During the first two quarters engineering products led the way but even the raw material producers, such as the pulp mills, are now anticipating price improvements in the third quarter.

Spanish optimistic over Atlantic natural gas find

BY JIMMY BURNS

CAMPSA, Spain's State-controlled petroleum monopoly, has made an important natural gas find in the Gulf of Cadiz, off the south-west Atlantic coast of Spain.

The find, made in 130 metres of water, was described today as "very positive" by a Campsa spokesman. Natural gas in the area could eventually meet as much as a third of Spain's total consumption, he added.

Spain until now has imported all her natural gas, principally from Algeria, and to a lesser extent from Libya.

The latest find, described enthusiastically by the leading Madrid daily El Pais as "one of the most important finds ever of hydrocarbons in our country," involves a well some 10 kilometres from a well already tested last month at a potential rate of between 500m and 1bn cu.m per year.

The two wells have been already tested at a potential annual peak rate of 1.5bn cu.m of natural gas. The gas found in the Gulf of Cadiz is "dry" and therefore of good quality, according to the Campsa spokesman.

Campsa, while remaining "extremely hopeful," are cautioning against making a premature definite judgment on exploration, as final appraisal of the commercial value of the wells is still dependent on further seismic tests, due to be carried out later this summer.

Although natural gas accounts for only 2 per cent of total energy consumption in Spain, it has been allocated a prominent role in the Government's 10 year energy plan approved in May.

Great emphasis is being placed by the present Government on the role natural gas could play along with nuclear energy in helping to reduce substantially oil imports.

The energy plan aims to raise the contribution of natural gas to 6.7 per cent of energy needs by 1987, and that of nuclear power to 15 per cent.

This, in addition to an increas[e] in existing national energ[y] resources (mainly coal) [is] expected to reduce dependenc[e] upon oil from 66 per cent to 5[...] per cent. Imports of crude o[il] account for nearly 30 per cent [of] total imports.

Campsa is 51 per cent co[n]trolled by the Ministry [of] Finance, with the remainin[g] equity held essentially [by] private banks. In May a co[n]troversial proposal to transfe[r] the State's stake in the compan[y] from the Ministry to the Stat[e] holding company INI wa[s] abandoned.

The move, aimed at rationali[s]ing the State's energy holding had encountered stiff oppositio[n] both from the Finance Ministr[y] and from the banks.

Campsa's operation in th[e] Gulf of Cadiz, which bega[n] earlier this year, has bee[n] carried out without any co[l]laboration with multination[al] operators.

Envoys will plan agenda for ASEAN-EEC talks

BY MARGARET VAN HATTEM

BRUSSELS, July 10.

AMBASSADORS FROM the five ASEAN countries will meet their EEC counterparts here tomorrow to draw up the agenda for the first meeting at miniserial level between the two sides, to be held on November 20.

Since relations between the European Community and the Association of South-east Asian Nations have been slow to develop, the November meeting could decline into the sort of ritual to which both sides are prone.

The ASEAN nations—Singapore, Thailand, Malaysia, Indonesia and the Philippines—are anxious that it should turn into something more substantial. Whether or not the meeting leads to a trade and co-operation agreement, and at this stage the prospect is remote, they warn a formal contact at ministerial level to demonstrate Europe's acceptance of ASEAN as a political entity.

They hope the meeting will open the way for a further expansion of trade, investment, joint ventures and development co-operation.

What the ASEAN states would really like from the EEC is an export-earning stabilisation arrangement, similar to the Stabex fund operated under the Lome convention. This would apply to timber products, palm oil, coconut products, sugar, tapioca, maize, fruit, tin, copper, tea, coffee, rubber and other commodities.

However, failing this, and the EEC has made it plain that it is not ready to consider such a scheme, the ASEAN States are eager to encourage a European presence in the region as a counterweight to the increasingly dominant Japanese, and to a lesser extent, the U.S.

Given the large untapped resources of raw materials in South-east Asia, it is perhaps hard to see why European interest has been so slow to develop. Although EEC-ASEAN trade has been expanding at a rate of 20 per cent a year since 1970, the level of European investment in the ASEAN countries has lagged a long way behind.

In the early 1970s, this was no doubt largely due to fears that the Indo-China conflict would disrupt economy of the reigon as a whole. But the return of relative political stability in Indo-China has not brought the hoped for surge of capital.

On the European side, there are signs of a growing interest in the region mainly from Germany which in recent months has led moves for closer co-operation. The Germans are less worried than some of their EEC partners by the threat of competition from low-cost ASEAN producers and appear keen to set up more joint ventures supplying capital and technolog[y] in return for cheap ra[w] materials and cheap labour.

The Netherlands and Britai[n] with historical colonial link[s] and established commercia[l] presences in the region, are als[o] sympathetic. But while there [is] no opposition to the principle o[f] closer ties, France for one, ha[s] consistently held out against [a] more specific commitment.

EEC Commission official[s] believe the EEC-ASEAN dialogu[e] has more chance of bein[g] realised in financial and indus[trial] co-operation than have th[e] parallel talks with Lati[n] American countries. ASEAN they say, is more coherent, mor[e] organised and less economically diverse.

Even so, they recognise tha[t] co-operation within ASEAN is still largely symbolic, and tha[t] as an economic group, it has ye[t] to prove itself. The 526 products on which members give preferential treatment in intra-ASEAN trade include a large number of minor items and none of the five regional co-operation projects approved in 1976 has yet got past the planning stage.

The November meeting, as the ASEAN States are well aware, could be crucial in determining how far the organisation, rather than the five national Governments, will be relevant to the region's development over the next decade.

Kyprianou 'errors' attacked

By Our Own Correspondent

NICOSIA, July 10.

MR. GLAFKOS CLERIDES, leader of the opposition Greek Cypriot Democratic Rally, today sharply disagreed with President Spyros Kyprianou's assertion that the cause of the Greek Cypriots is gaining ground internationally.

Speaking at a Press conference, the pro-Western politician and former acting President of Cyprus, said that Mr. Kyprianou's Government had suffered a number of setbacks recently as a result of "serious diplomatic errors."

He mentioned President Jimmy Carter's efforts to lift the U.S. arms embargo on Turkey, unfavourable developments in the Council of Europe, and the break in relations with Egypt.

Mr. Clerides said President Kyprianou had failed in his declared aim of isolating Turkey. Nato countries were stepping up efforts to strengthen Turkey politically, economically and militarily while Ankara had recently improved considerably its relations with Moscow and other Eastern bloc countries.

Mr. Clerides accused the Kyprianou administration of lacking a concrete policy on Cyprus and of making "undiplomatic" actions and protests to foreign governments which brought unfavourable reaction, especially since they were given full publicity.

He called for restraint in tone and publicity, ad said the Government appeared to care more for impressing public opinion at home than achieving results.

Mr. Clerides, 59-year-old barrister and former RAF pilot, warned that if the present de facto division of the island was prolonged it would end with the northern part being absorbed by Turkey.

He called for urgent action to undo this de factor situation by insisting on a formula based on the proposals which the Greek Cypriot leaders drafted while President Makarios was alive.

These proposals, presented in April 1977, accept the idea of a bizonal federation, with the Turks administering about 20 per cent of the island, equal approximately to their population ratio.

Disarmament conference begins fresh session

BY OUR OWN CORRESPONDENT

GENEVA, July 10.

THE MAIN UN disarmament forum tomorrow begins what could be its last new session before changes designed to make it more effective.

The 30-nation Geneva disarmament conference has long been under fire for its lack of results over the past 16 years.

The changes were ordered by the UN General Assembly session on disarmament last month for implementation in January. They are designed to meet the main objections that the conference is too small, is dominated by the two super-powers, and is boycotted by France and China despite their possession of nuclear weapons.

The conference, to be called the committee on disarmament after the New Year reassembles for its summer session tomorrow on the eve of the scheduled resumption of the Strategic Arms Limitation Talks (SALT) here by Mr. Andrei Gromyko, the Soviet Foreign Minister, and Mr. Cyrus Vance, the U.S. Secretary of State.

Since 1962 the conference has drafted treaties, but progress has often been blocked by the failure of the U.S. and the Soviet Union to reach agreement in their crucial preliminary negotiations outside the conference framework.

A UN spokesman said a major conference issue was how to work during the transition. The session, he added, is scheduled to last until August and normally would be the last one before the new year.

But the delegates could decide to meet again later in view of the forthcoming changes, the spokesman said. The major changes involving the new disarmament committee are: The new name plus enlarging the membership from 30 to up to 40 countries, including France and several more developing nations; monthly rotation of the chairmanship, now monopolised by the U.S. and the Soviet Union; revival of the UN disarmament commission, which includes all 149 members of the world organisation, after 13 years.

Shipbuilders oppose OECD credit ruling

HAMBURG, July 10

THE OECD credit ruling setting a minimum interest rate of 8 per cent on funds raised for shipbuilding is a major problem hitting West German shipbuilders.

Shipbuilder Association Manager Werner Fante said the ruling prevents German shipowners benefiting from advantageous domestic capital market rates now around 6.5 per cent.

Mr. Fante said since Germany is virtually alone in having such low interest rates the problem for the domestic shipping industry continues to be difficult to settle.

The development is entirely due to the strength of the Mark against other currencies and particularly the Dollar and to low German inflation, he noted.

The Dollar weakness is worrying as over 50 per cent of German shipbuilders' orders are for export, while almost all contracts are in marks despite their scarce use in the shipping tade itself, he said.

Reuter

DISTURBANCES IN THE BASQUE COUNTRY

Investigation of violence in Pamplona ordered

BY OUR OWN CORRESPONDENT

MADRID, July 10.

Sr. Rodolfo Martin Villa, the Spanish Minister of the Interior, has ordered an official investigation into the violent incidents that took place at the weekend at Pamplona, capital of the north-east province of Navarra.

The investigation follows suggestions that an assault by riot police on Pamplona's main bull ring on Saturday night may have been premeditated to disrupt the traditional festival of San Fermin, and add to the already highly tense political situation in northern Spain.

The police action, one of the most violent seen since the death of General Franco three years ago, involved the use of live ammunition, rubber bullets, and tear gas to break up what many eye-witnesses now maintain was a drunken brawl between rival political groups.

The atmosphere today in Pamplona is reported to still be highly charged after the weekend of rioting and looting brought on by the incidents in the bull ring. Subsequent demonstrations have included an assault by over a thousand people on the offices of the Civil Governor.

The rioting in which one person was killed and many hundreds injured, took place against a background of mounting political violence in the Basque country.

On Saturday night Sr. Javier Juarequi Bernaola, a 38-year-old Justice of the Peace, was shot dead by individuals believed to be members of ETA, the Basque terrorist organisation, in the town of Melona.

The intensity of the latest disturbances appears to have promoted the adoption of an unexpectedly moderate stance by the Partido Nacional Vasco (PNV), the principal Basque nationalist party in Parliament.

At a mass meeting in Guernica, the emotive birthplace of Basque nationalism, on Sunday, PNV deputies toned down considerably what was expected to be a passionate attack on the proposed Constitution.

Extremists focus on Navarra

BY DAVID GARDNER

BARCELONA, July 10.

THE WEEKEND'S explosion of violence in Pamplona, during the town's traditional festival of "San Fermin," was not unexpected. The possibility that the festival would be marred by violence was mentioned openly for weeks beforehand.

On the one hand, there was the offensive launched by the Basque nationalist guerrilla organisation ETA, and on the other, Spain's neo-fascists—disinherited since the death of Franco—have chosen Pamplona as a target for their special attention. Both these groups have their eye on the draft constitution being debated in Parliament, which will concede limited autonomous powers to Spain's regions and "historic nationalities": Catalonia, Galicia and the Basque country.

Why Pamplona? Firstly because of its relationships with the Basque country. Navarra, of which Pamplona is the capital, is one of the four Basque provinces, although it has a distinct character and separate history. It did not form part of the Basque republic of Euzkadi during the Spanish Civil War, and instead, the powerful Carlist section of the population fought with Franco.

In recent years the character of Navarra has changed radically. The turning point was the Pamplona General Strike in the summer of 1973, the most prolonged and virulent strike movement faced by the Franco regime up to that time. This was followed by progressively closer relations with the Basque country—the pivot of the opposition to Franco during the regime's last years—and the transformation of the traditionalist Carlists into a democratic Socialist party, co-operating closely with the left.

It is far from clear which way the Navarra's inhabitants would vote in a referendum on its future relations with the Basque country—hence the interests of both ETA and the neo-fascists. The province's peculiarity can perhaps be grasped by the result of the recent factory council elections. Navarra was the only province where Spain's main trade unions, the Communist-led Workers' Commission and the Socialist General Workers' Union, were edged out by a minority union, in this case the Maoist-orientated 'Sindicato Unitario."

The neo-fascists first tried to put the clock back in 1976, at Navarra's traditional Carlist sanctuary of Montejurra.

They greeted the yearly pilgrimage of Carlists with a hail of fire from an army issued machine-gun, which left two dead and 125 wounded. The para-military Civil Guard watched impassively from an adjacent hill, while the culprits, several of them photographed in the act, have yet to be prosecuted.

More recently, the neo-fascists were presented with a golden opportunity when ETA shot dead a police official in May. In succeeding days, they turned Pamplona into a battlefield, besieging the local headquarters of leftist and nationalist organisations. According to local Press reports there is strong evidence that off-duty policemen not only played an active part, but led these assaults, during which a police lieutenant was stabbed to death.

In the weeks prior to San Fermin, Pamplona's inhabitants experienced almost daily skirmishes in their streets, and it was expected that the extreme right would put in an appearance at the festival, especially as part of the build-up to a show of strength they are planning in Madrid on July 18, the anniversary of Franco's uprising against the 1931-36 Republican Government.

The most striking aspect of the aftermath to the violence is the unprecedented degree of unanimity in condemning the police action.

An over-turned vehicle lies in a Pamplona street after a night of rioting stopped the running of the bulls at the San Fermin festival.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription $200.00 (air freight) $360.00 (air mail) per annum. Second class postage paid at New York, N.Y.

OVERSEAS NEWS

Tense talks on President Sarkis's resignation threat

BY IHSAN HIJAZI

BEIRUT, July 11.

AN UNEASY calm prevailed today between Syrian troops of the Arab peace-keeping force and the Christian militia's. But informed sources described the overall situation as potentially very dangerous.

They said while intensive negotiations were going on to find a way out of the impasse and get President Elias Sarkis to abandon his threat to resign, the Christians have brought reinforcements and heavier guns into their positions in East Beirut facing Syrian encampments.

The sources added that the militant trend inside the Christian ranks is still dominant, with moderates fearing what one called "a suicidal aattempt"

The main Christian quarter of Ashrafiyah is "like a ghost town" after its inhabitants had either fled or were evacuated by the militias.

On the Moslem side of the fence, the feeling is the Christians are still calculating on Israeli intervention on their behalf.

More talks were held at the Presidential Palace in Baabda in the hills outside Beirut, where Mr. Sarkis met Mr. Pierre Gemayel, leader of Lebanon's largest Christian paramilitary organisation.

Unconfirmed reports said contacts were also held between the Phalangists and the Syrians to arrange a compromise.

Three parliamentary committees met in an emergency joint session today to discuss the situation. Mr. Selim al-Hoss, the Prime Minister, briefed them on the government position. Parliamentarians had earlier urged President Sarkis to suspend his resignation and consolidate the government position so "the Lebanese state may rise above the mini-states" as represented by the private militias.

Meanwhile, Arab interest in the Lebanese crisis is growing. Kuwait, whose Foreign Minister Sheikh Sabah al-Jaber visited here Sunday and met with President Sarkis, was reported to have proposed an Arab mini summit conference to back the Lebanese head of state.

The minister reportedly informed Sarkis that as a whole the Arabs were on Syria's side and will not tolerate attempts by the Christian militias to co-operate with Israel.

Muhammed Al Zawi, the Libyan Secretary of Information, arrived in Damascus today with a message from Col. Moammar Gaddafy to President Hafez Assad.

Libya had already declared full support to Syria in its action against the Christian militias here.

Saudi denial of troop build-up

Financial Times Reporter

SAUDI FOREIGN Minister, Prince Saud al-Faisal, broke a two-week official silence Sunday night when he denied a South Yemeni claim that Saudi Arabia was massing troops on its border with PDRY.

"There is no truth in this," he said. "Such reports can only be explained as political tactics to divert attention from the domestic scene" in South Yemen.

The allegation came in a statement last week by Mr. Saleh Mutea, South Yemen's Foreign Minister.

Speaking to the official Saudi Press Agency, Prince Saud was at pains to point out that the kingdom was taking no unilateral action against South Yemen outside the framework of the Arab League

Lee Kuan Yew

Peking reassures South-east Asia

By Peter Weintraub in Singapore

IN SPITE of chronic worries about Peking's intentions towards the millions of ethnic Chinese resident in their countries, the Governments of non-Communist South-East Asia do not appear to fear that China's intervention to extricate ethnic Chinese from Vietnam will result in any immediate changes in its policy towards overseas Chinese elsewhere in the region.

Nevertheless, there are indications that officials in some of these countries, most notably Indonesia, are troubled about the long-range implications of the Chinese action, and that it may have contributed to a further delay of the normalisation of relations between Jakarta and Peking.

China has sought to soothe these fears, both privately and publicly. An editorial in the official People's Daily on July 3 essentially reiterated that Peking encourages Chinese to be law abiding citizens in their country of settlement.

The editorial rebutted Soviet charges that Chinese residents in South-East Asia were being organised by Peking as a fifth column, and said that China's course of action in Vietnam was a special case, because "the Vietnamese authorities are persecuting Chinese nationals there on a large scale and following a well-planned and organised campaign."

In spite of these reassurances, the Chinese action in Vietnam may be used by some South-East Asian politicians and military leaders to try to drive a wedge between their Governments and China.

In Indonesia, for example, the right-wing Moslem and military opposition to President Suharto's call for normalisation of relations with China earlier this year can now be expected to intensify if the idea is reconsidered soon. Relations between Jakarta and Peking were suspended in October 1967 following Peking-inspired protests by Indonesian Chinese against the Suharto Government. There still are strong if ill-founded suspicions in some quarters that many of the estimated 3.5m Chinese resident in Indonesia owe their primary loyalty to Peking.

The suspicions are encouraged by the fact that about half of these Chinese are either Stateless or citizens of China. While most would probably like to obtain Indonesian citizenship, official fears that they would not assimilate have so far barred the doors to all but a few.

At the same time, some of the generals who most vociferously oppose normalisation with China are thought to profit from the peculiar Indonesia-China commercial relationship, which because of a bar against direct trade is carried out surreptitiously through Singapore and Hong Kong. Normalisation of relations would inevitably bring about direct trade and close off a lucrative source of income for the generals, so they can be expected to seize on China's action in Vietnam to delay any early consideration of normalisation between Peking and Jakarta.

Malaysia, which recognised China in 1973, appears to have accepted the necessity of China's Vietnam policy, but doubts remain there about Peking's long-term relations with the approximately 4m Malaysians of Chinese decent. Officials in Malaysia say that since the establishment of relations the Chinese embassy in Kuala Lumpur has steered clear of involvement in Malaysian politics, but they will not feel completely secure until Peking pledges unambiguously to refrain from intervening in any problems that might arise with Chinese in the country.

Such a pledge is unlikely, at least until the question of Malaysia's estimated 150,000 stateless Chinese is resolved. As in Indonesia, most of these people would like to obtain Malaysian citizenship, but so far few have been successful, largely because they have been unable to convince the authorities they could assimilate easily into Malaysian society.

Singapore has so far made no comment on China's Vietnam intervention but officials have hinted privately that they see no reason for concern. The People's Daily editorial of July 3 mentioned Singapore specifically as an example of a community that falls outside the purview of China's overseas Chinese policy and which is governed only by its own laws, in spite of the fact that about 75 per cent. of the republic's 2.2m people are of Chinese origin.

The attempt by Mr. Lee Kwan Yew, the Prime Minister, to create a distinct "Singapore identity" is well understood by Peking, and China's leaders accept the fact that in order to ensure the loyalty of the Chinese majority to Singapore and at the same time to convince ethnic Malay majorities in neighbouring Malaysia and Indonesia of the country's independence from Peking, Mr. Lee will not recognise Peking until after Jakarta has moved to restore relations.

COUP IN MAURITANIA

The Saharan war exacts its price

BY RICHARD JOHNS, MIDDLE EAST EDITOR

A COMMUNIQUE broadcast early yesterday from Mouakchott gave no indication as to who overthrew President Moktar Ould Daddah, one of Africa's longest surviving Heads of State, who had led his country with no little political skill since its independence from France in 1960.

While the radio station concentrated on the ritual of martial music, it was Mr. Hamdi Ould Daddah, Foreign Minister in the deposed President's regime, who gave the identity of the coup leader as the chief of staff, Lieutenant-Colonel Mustapha Ould Mohammed Salek. The Foreign Minister disclosed nothing of the aims of his country's new ruler.

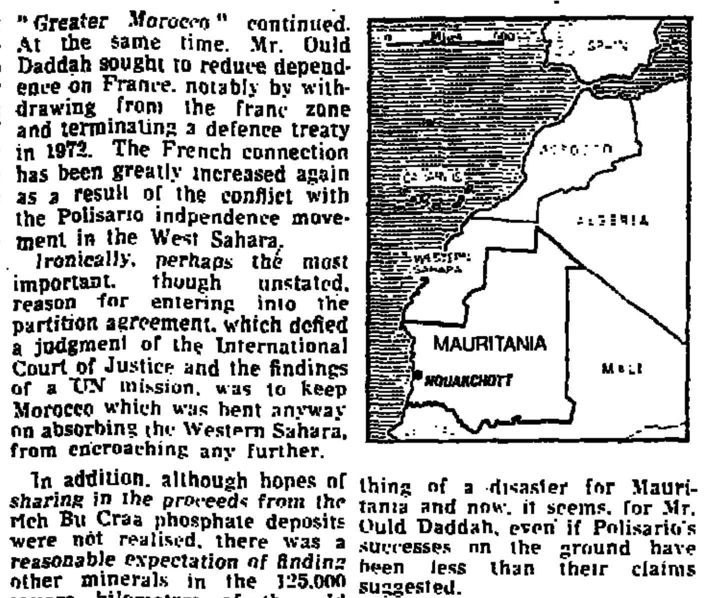
However, the title of the junta responsible, the Military Committee for National Recovery—points to one assumption. That is that Mr. Ould Daddah was a victim of the war being waged in the Sahara, with the assistance of Morocco and France, that over the past two years has brought an already impoverished Mauretania to almost total economic and financial ruin.

If he is alive Mr. Moktar Ould Daddah must be regretting the agreement with Morocco in 1975 to partition the West Sahara after Spain announced its withdrawal from the colonial territory.

In the perspective of Mauritania's short history the decision was surprising and ran against the general line of the country's foreign policy in the formative years of its existence. Because Morocco in 1960 asserted its claim to the great expanse of territory making up the new state, twice the size of France but with a population of less than 1.5m., Mauritania, at that time, found itself naturally aligned with Algeria and other "progressive" regimes.

Although King Hassan under pan-Arab pressures eventually renounced his intention to annex this strange legacy of French colonialism and a reconciliation with Mr. Ould Daddah was reached, Mauritanian fears of Rabat's aspirations towards a "Greater Morocco" continued. At the same time, Mr. Ould Daddah sought to reduce dependence on France, notably by withdrawing from the franc zone and terminating a defence treaty in 1972. The French connection has been greatly increased again as a result of the conflict with the Polisario indpendence movement in the West Sahara.

Ironically, perhaps the most important, though unstated, reason for entering into the partition agreement, which defied a judgment of the International Court of Justice and the findings of a UN mission, was to keep Morocco which was bent anyway on absorbing the Western Sahara, from encroaching any further.



In addition, although hopes of sharing in the proceeds from the rich Bu Craa phosphate deposits were not realised, there was a reasonable expectation of finding other minerals in the 125,000 square kilometres of the old Spanish colony which were appropriated to supplement Mauritania's modest income from iron ore, copper and fish.

The freedom of action enjoyed by Polisario has not only made any exploration impossible but also production at the Zouerate mines and transport of iron ore along the exposed 500 km rail link to Mouadhibou on the coast, thus compounding the economic problems resulting from the severe drought of 1973-75.

In foreign affairs, at least, the alignment with conservative Morocco has ensured financial support over the past two years of at least $400m from Saudi Arabia, Kuwait and the United Arab Emirates without which the country would have gone bankrupt.

A skilful diplomat, President Ould Daddah, had been able to keep on friendly terms with all other members of the Arab League, except Algeria, and even maintained good relations with Libya which has been trying to press the Mauritanian leader to reach an accommodation with Polisario and thus detach him from his alliance with Morocco.

Yet in every other aspect the expropriation has proved something of a disaster for Mauritania and now, it seems, for Mr. Ould Daddah, even if Polisario's successes on the ground have been less than their claims suggested.

From the start Polisario concentrated the main weight on its thrusts at Mauritania, the soft under-belly of Morocco. Twice last summer its forces bombarded the capital, Nouakchott, on the latter occasion when Mr. Ould Daddah was attending the Organisation of African Unity summit in Gabon. The main aim has been to cripple production at Zouerate and Mauritania was in no position to resist the guerrillas' hit-and-run tactics with an army of only 1,500 men. The number of men under arms has been increased ten-fold and Mauritania has had the benefit of French advisers. Yet the marginal improvement in military capability has been attained at the expense of a costly drain on Mauritania's exhausted exchequer.

Morocco has sent no less than 9,000 troops to bolster resistance, and especially to help in the defence of the vital iron-ore mines and railway. Equally vital for Mauritania, though questionable as an act of policy in the Third World context, has been the squadron of French Jaguar aircraft which have been in action against the Polisario since last year.

Even without the war Mauritania would have been in sore economic straits. As it is, revenue this year will probably cover only half the budgetary appropriations. One main source of revenue, normally accounting for a third of the total, is the 10 per cent of income that the Société Nationale Industrielle and Minière is obliged to hand over to the Government. Because of essential investment requirements and a decline in profitability the company is now unable to find the money.

Sales of iron ore, providing 80-90 per cent of export receipts, have slumped because of lower prices on the world market as well as the disruption caused by Polisario. The war is holding up urgently needed development at Zouerate.

Last year's drought resulted in a drastic drop in grain production, meaning that the country has had to import about four-fifths of its needs

Within the confines of the Parti du Peuple Mauretanien, the sole legitimate political party which he created, President Ould Daddah, a 44-year-old French-trained lawyer, tried in a relatively liberal spirit to make a kind of democracy work and sought consensus while seeking to integrate the black population, now thought to number about half the total, into the country's public life.

A great measure of Arab-African harmony was achieved. But the black Mauritanians, concentrated along the basin of the River Senegal in the south, have no interest in the Saharan war. Conversely, many of the people of Arab or Berber stock and nomadic origins would identify with the Saharans to whom they are related and for whom Polisario is fighting.

As early as 1973 the Government acknowledged the existence of an underground opposition with links with radical elements abroad, presumably Algeria and Libya. There seemed no threat to Dr. Ould Daddah at the time. But the Saharan war has created the conditions for his removal from power.

Iraqi exile dies after London shooting

By Our Foreign Staff

GENERAL Abdul-Razak al-Naif, the former Prime Minister of Iraq who was shot outside a London hotel on Sunday, has died in hospital.

Two men were helping police inquiries at Paddington police station yesterday. One man was detained after a chase by a hotel doorman in Park Lane. Another man was held at Heathrow airport.

General al-Naif died late on Sunday night after a life-support machine that sustained him for 12 hours was no longer able to keep him alive.

The attack on General al-Naif has aroused suggestions that it may be connected with the present political uncertainty in Iraq where a number of Communists were recently executed. General al-Naif survived an attempt to assassinate him in London in February 1972 when his wife was hit by several bullets.

As an army major, General al-Naif played a key part in the July 1968 coup in Baghdad against the Government of Mr. Abdul Rahman Aref. In co-ordination with Baathist partisans led by Ahmed Hassan al-Bakr, he led the troops which surrounded the presidential palace. The president surrended and in the new Government under a revolutionary command council General al-Naif became Prime Minister.

A few days later a dispute broke out between al-Naif and the Baathists. The Baathists had the upper hand and when a tank division took control of Baghdad on July 30 al-Naif retired. He was exiled the same day and went to Morocco, later to London and then to Jordan. The grip of the Baath party was imposed on Iraq, and Ahmed Hassan al-Bakr remains Head of State.

In 1971 Gen. al-Naif was sentenced to death in absentia by the Baathist Government.

Iranian copper production to start next month

BY ANDREW WHITLEY

TEHRAN, July 10.

IRAN IS to begin commercial production of copper next month, after more than six years of preparatory work. According to Dr. Mehdi Zarghami, managing director of the National Iranian Copper Industries Company, production costs in the first few years of operation would be in the range of 47 to 53 U.S. cents a pound, making Iran one of the few economically viable copper producers in the developing world.

Ore starts going through the concentrator next month, while the smelter will begin work in late summer or early autumn at half capacity. Full production of some 120,000 tons of blister copper a year, 80 per cent of theoretical capacity, will be reached by next spring

Between then and January 1981, when the refinery on the site is due to come on stream, Iran will be exporting all its copper. European refineries are the probable destination. Dr. Zarghami said National Iranian, a state-owned company, would be looking for tied contracts, receiving copper rods and tubes in return for its blister copper.

The total cost of the Sar Cheshmeh mine and processing plant was put at $1.12bn (79bn rials), and a township and related facilities, to service the operation, is estimated at another $213m (15bn rials). The overall total is approximately three times the original estimates.

Dr. Zarghami said that in the second year of production foreign exchange earnings would be $225m, eventually rising to over $1bn a year. A by-product, molybdenum, used in stainless steel, would add another $100m to $150m a year, based on a full production of 3,000 tons.

The Sar Cheshmeh site, near Kerman in sout-east Iran, has been brought into production by the American mining company Anaconda, on what is known to to be a lucrative feel-plus-costs basis. Iranian resentment at the high costs involved, and what they claim is the Americans' reluctance to train Iranians to take over, showed itself at today's Press conference in Tehran.

Dr. Zarghami said that the execution of Anaconda's agreement left much to be desired. The required transfer of technology had not yet occurred, and the two sides would have to sit down for a serious discussion on how this should take effect.

Anaconda's contract runs for 10 years after the start of production, but the expatriate manpower is meant to be run down over this period.

Rhodesia farmers stay put

BY OUR OWN CORRESPONDENT

RHODESIA'S 5,900 white farmers are not being driven off their land by the guerrilla war which claimed the lives of three of their numbers in the past 48 hours, according to the Rhodesian National Farmers Union

The union, which represents the country's white farmers says that less than 100 have given up in the past year But the union believes that up to 500 are likely to leave the land in the next two years even if there is moderate pro-capitalist nationalist government in Rhodesia next year.

The union estimates that about 400 white farmers have left the country in the past 13 years. That is a far slower emigration rate than that of white townspeople White emigration so far this year has averaged nearly 600 a month in net terms.

The unions says about 140 white farm owners and managers have been killed by guerrillas in the past five-and-a-half-years. It estimates that several million acres of farm land are deserted.

Cambodia Prime Minister to visit Bangkok

By Richard Nations

BANGKOK, July 10.

MR. IANG SARY, the Cambodian Deputy Premier for Foreign Affairs will lead a 10-man delegation to Bangkok this coming Friday, General Kriangsak Chamanand, the Thai Premier, announced here today. Mr. Sary, who accepted "in principle" an invitation to visit the Thai capital last February, is expected to discuss the two countries' mutual border which has been fraught with conflict despite continuing declarations by both sides of a will to normalise relations.

Thai military sources along the border told the Financial Times last week that the Khmer Rouge regular units had been withdrawn up to 40 kms (28 miles) from the frontier in some sectors. The Thai supreme command interprets this as a move to avoid any incident which could undermine Mr. Sary's diplomacy. Indeed over the past two months the number of border incidents has declined. But the Thais think this more due to stronger security measures taken along this side of the border.

Mr. Sary's delegation will stay for four days and follows a one-day stop-over in Bangkok last week by Vietnam's deputy minister for foreign affairs, Phan Hien.

AMERICAN NEWS

CAB about to allow 50% fare cuts on regular routes

BY STEWART FLEMING

NEW YORK, July 10.

THE Civil Aeronautics Board (CAB) is on the brink of giving U.S. airlines authority to cut fares on scheduled services by 50 per cent or more—a move which would be the biggest step towards deregulation of the industry so far.

The CAB has voted to order its staff to prepare a full order allowing airlines to cut regular service coach (economy) fares by 50 per cent without prior CAB approval. It is also proposing to allow the companies to cut fares by up to 70 per cent on a further proportion of their available capacity on some routes.

Over the past year, spurred on by demands from Congress that airlines should be freed to compete unhindered by CAB regulations, the agency has been encouraging reductions in fare structures. In part, the enthusiasm of the regulatory agency for stimulating freer competition has reflected the views of Mr. Alfred Kahn the chairman appointed by President Carter last year. Another factor was the introduction of cheap fares on international routes, particularly the start up of the Laker Skytrain last year over the North Atlantic.

One result has been that airlines have, since early 1977, been introducing cheap fares over many routes. These discount prices have, for the most part, only been available with restrictions on when the passenger travels, or by the number of days in advance of the journey that he books his seat. Regular scheduled service fares have not ben significantly changed.

The latest CAB proposal would give the airlines freedom to start cutting fares on scheduled services. The CAB staff is expected to produce a draft of the full order by the end of August. But it would be two or three months after that before the airlines could start introducing cut-rate fares, a CAB spokesman said.

Freedom to set fares has been only one part of the CAB's push for deregulation of the industry. The other has been pressure for freedom of entry of airlines to compete with existing carriers on their routes.

Both have been controversial within the industry. Initially, there were fears that fare-cutting would be carried to extremes and that airlines would find profits eroded, just as they are coming out of a long period of low profitability which began early in the decade.

So far, however, the discount fares have stimulated a surge in demand for seats. Air traffic in the U.S. this year is up by 14 per cent, the industry having carried a record 240m passengers in 1977. Profits too are still soaring, with a rise of 80 per cent in the first quarter of 1978, following a 34 per cent increase to $754m in 1977.

Part of the reason is that, although fares have been cut on non-scheduled services, the airlines have been carrying the additional passengers without having to add a proportionate number of aircraft. Flights are being filled more nearly to capacity and the airlines have been reorganising seating in order to get more passengers into any one type of aircraft.

The cutting of fares appears therefore to have been a blessing to the airlines. There is much more concern, however, within the industry about the CAB's enthusiasm for removing restrictions on airlines competing on existing routes.

Some airlines fear that this is pushing de-regulation too far, and that the viability of some airlines could be threatened by the sudden introduction of new competitors on the most profitable routes.

Feature, Page 12

MAC may sue pension funds over NYC bonds

NEW YORK, July 10.

THE New York Municipal Assistance Corporation (MAC), said it will take legal action on Wednesday against two city pension funds, if they fail to fulfil an undertaking to buy city bonds.

In August last year, the five municipal union pension funds rewrote a previous agreement with MAC and committed themselves to buy $500m of new city bonds, and to roll over $236m of existing purchases by June this year.

A MAC spokesman said, however, that the police pension fund has so far failed to buy its share of the package—$73m of new bonds and $33m of roll-overs—and the firemen's fund has not fulfilled its commitment to buy $10m of new bonds and $2m of roll-overs.
Reuter

David Lescelles adds: New York City police renewed their threat of demonstrations, and even of industrial action, today after the latest breakdown of their pay talks. This followed rejection by police union delegates of a $2,400 rise in salary negotiated by the union executive committee last week.

Although this rise, to be spread over two years, would have brought average police salaries close to $20,000 a year, parity with policemen in neighbouring areas, who get about $21,000 a year, is sought.

Mayor Edward Koch of New York City has refused to increase the pay offer, but he held the door open for what he called "a rearrangement of the terms," without elaborating on that.

Under New York law, policemen are forbidden to call go-slows or strikes, as they have been threatening. However, the policemen's union, the PBA, has been authorised by its members to call a strike if necessary. But, at this stage, it may content itself with a street demonstration in policemen's spare time which, the authorities have admitted, they would be powerless to prevent.

Rail pay threat to inflation policy

BY OUR OWN CORRESPONDENT

NEW YORK, July 10.

THREE RAILWAY unions and employers' representatives are close to an agreement on a three-year wage contract which would provide increases of 30-35 per cent and offer a challenge to the Carter Administration's anti-inflation policy.

The 500,000 railway workers are the first of a series of key industrial groups who will be negotiating new contracts over the next 18 months. Their agreement could set a target which others such as the truck drivers in the Teamster's Union or the car workers, would aim for.

Administration officials, including Mr. Robert Strauss, the President's leading adviser on inflation, have said that wage settlements in excess of 30 per cent could have serious inflationary consequences. On the other hand they have pointed out that it will be beneficial if a high proportion of a settlement is linked to cost of living increases, because the rate of wage increase will become slower as inflation slows down.

The situation in the railway industry is complicated. Eleven unions are in negotiation with the employers' group, but only three unions, who together represent about 200,000 workers, appear to be close to a settlement.

The three are the United Transportation Union and the Brotherhood of Locomotive Engineers, both of which involve train operators, and the Sheet Metal Workers' Union. It is thought that about half the proposed increase could be cost-of-living related under the agreement which these unions are close to accepting.

Thus the three-year agreement could come in near the bottom of the 30-35 per cent range if inflation abates through the contract period. Administration officials might therefore be able to present an agreement as relatively favourable.

It is not clear whether the other eight unions will agree to such a high proportion of their settlements being cost-of-living related. Mr. Fred Kroll, president of the largest of the eight, the Brotherhood of Railway, Airline and Steamship Clerks, is understood to be pressing for a bigger proportion to be a straight wage increase.

Fund to meet in Belgrade

BY JUREK MARTIN

WASHINGTON, July 10.

THE INTERNATIONAL Monetary Fund (IMF) and the World Bank will almost certainly hold their joint annual meeting next year in Belgrade.

The Yugoslav offer to stage the meeting is the only one under serious consideration by the boards of both institutions. A formal announcement will probably be made here in September at the end of the 1978 annual meeting.

Every third annual meeting is held outside Washington.

This would be the first session held in an Eastern European country. Yugoslavia is one of the original members of the IMF and World Bank.

Right-wing candidate leads in Bolivia poll

LA PAZ, July 10.

GENERAL JUAN PEREDA ASBUN, the right-wing candidate backed by the military, pulled ahead today as votes were counted in the first general and presidential elections in Bolivia for 12 years.

His nearest rival, former President Hernán Siles Zuazo, who leads a left-wing coalition, reiterated charges that the ruling armed forces had used fraud, intimidation and the theft of ballot boxes to ensure the victory of the air force general.

According to an unofficial tally of 20 per cent of the votes, Gen. Pereda and the conservative Nationalist People's Union (UNP) had polled 153,219 votes, against the left-wing coalition's 129,063.

Dr. Siles Zuazo told reporters early today: "The election took place as we said it would, with fraud and intimidation by the military." He raised the possibility of a general strike or national hunger strikes, if a victorious UNP attempted to crack down on the Left.

The conservatives and the Left had been running neck and neck after an early count. But Gen. Pereda moved in front on the strength of a landslide victory in the lowland eastern department of Santa Cruz.
Reuter

COMPUTERISED MEDICINE

Desk-top diagnostician

BY DAVID LASCELLES IN NEW YORK

THE POSSIBILITY of using a computer to help diagnose disease is one which has tantalised both computer specialists and some hard-pressed doctors. There are daunting problems, not least in the risk of disturbing relations between doctor and patient. Over seven or eight years one UK research group has been highly successful in writing programs to help doctors take case histories from patients with certain types of complaint. Now a U.S. entrepreneur is attempting to market an all-purpose computer for diagnosing disease.

The remarkable thing about the U.S. development is that, far from being the product of expensively equipped university, hospital or computer laboratories this innovation has been put together by a small group of specialists working in the upstairs office of an industrial estate outside Washington DC.

The man leading the project is 38-year-old Peter Goltra, a tall soft-spoken Virginian, with a wide background which includes electronic engineering and research, and raising beef cattle near the Blue Ridge Mountains.

About a year ago, he and a medical friend "just happened" to be discussing computers and medicine, when it occurred to them that they should try to put together a computer program for medical diagnosis. Although they both knew of previous attempts to do this which had failed, Mr. Goltra was prepared to pit his electronic expertise and some of this money to the challenge.

His resolve was strengthened when shortly afterwards IBM produced their latest desk top computer, the 5110, which was relatively inexpensive ($25,000) but yet had the capacity for the task, which was going to require millions of operations.

Mr. Goltra explained: "I believe that one reason why previous attempts have failed is that the right kind of computer was not available, either because of price or capacity, to the people who were trying to do this work."

Mr. Goltra bought an IBM 5110 and then approached a group of young physicians and asked them to be consultants on the project. Having gained their agreement, he persuaded a computer programming firm to contribute their expertise straight away in return for a share of the proceeds later on. They all then set down to divide the field of internal medicine (excluding paediatrics) into some dozen major groups for each doctor to work on.

The team eventually came up with 2,300 diseases, everything from malaria to the sniffles, which between them had about 1,000 symptoms (many of them overlapping), 3,000 physical findings, and some 1,000 test procedures. Then came the main task: how to assemble these in a form that could be fed into a computer.

The main problem, Mr. Goltra says, is that people tend to think of medicine as an exact science, which it is not. Ideally, a man with red spots, a temperature and loss of appetite should be instantly diagnosable as a measle case. But it could equally well be chicken pox, an allergy or something much more serious. So the computer program had to be flexible, and capable of leaving open all sorts of possibilities, to be narrowed down by further tests, and finally by the doctor's own opinion.

Mr Goltra will not say how they finally solved this problem because that is the proprietary secret of the project. But he indicated that the computer is programmed to match a collection of symptoms with possible diseases rather than work towards an answer by process of elimination.

In the U.S., an electronics entrepreneur has devised a computerised system to help doctors diagnose over 2,000 diseases.

The complexity of the programme may be gauged from the fact that a person with one of the most common symptoms, a headache, will be asked some three dozen questions by the computer about where, when and how often it occurs, what brings it on or makes it go away, what the pain feels like and so on. Although this might seem a lot, Mr. Goltra argues that the high degree of variability in medicine makes exhaustive diagnosis essential.

The computer is also programmed to spot hypochondriacs and hospital malingerers. If a patient reports a curious pattern of symptoms or displays unusual temperature trends, the computer will quietly slip in a few questions to test him out. These will usually be of a more personal nature to see whether the patient has mental problems.

But in genuine cases, the computer's job is to come up with what is known as a "differential diagnosis" listing possible ailments for consideration. Finally it will also advise the doctor of the various treatments available, and warn of possible interactions between drugs, and their side effects.

Mr. Goltra's company, Medicomp, intends to market its product, which will come in the form of a magnetic disc, through leasing agreements with hospitals and group practices rather than outright sale because this might jeopardise the secrecy of the programme. The initial cost will be $9,000 for one year, and $100 a month thereafter. This includes a three-monthly updating service on both diagnosis and treatments.

Leasing thus has the advantage of enabling Medicomp to ensure that its programme is right up to date and does not, for instance, suggest the use of drugs which have been discontinued or banned by the federal drug administration.

This reduces the legal risks of such a venture, though Medicomp has been advised by insurers that court rulings in medical negligence cases have tended to the view that responsibility rests with the physician and not with the equipment he uses.

The biggest restriction on the whole venture is that the programme will only work properly on IBM equipment. But its compilers had to opt for a system that combined reasonable price and quality with a widely available servicing network. Not surprisingly, IBM are taking a close interest in the project, though they have not contributed financially.

As the launch date approaches, though, it is still far from clear how computer diagnosis will go down. Will patients trust a machine? Will doctors see it as a usurpation of their role? The first question is virtually impossible to answer at this stage. Some people may resent the computerisation of their ailments, others may feel reassured by the thoroughness of the diagnosis.

As for the second question, Medicomp have taken pains not to create a product which will make the medical profession redundant, if indeed that is possible. The equipment will not only have to be operated by a qualified person. It will also demand an important contribution from doctors in the form of test results, opinion, and a general understanding of medicine. Furthermore, it will never come up with an exact answer, only with the differential diagnosis.

Medicomp also believes that doctors will welcome the fact that the computer gives a full print out of symptoms, diagnosis and treatment, saving them the trouble of having to write these out laboriously themselves.

Furthermore, the programme could perform a training role in medical schools where students need to be drilled in diseases and their symptoms.

If it is a success, it would also mark an important step forward for the computer industry which has so far failed to make much impact on the medical field, other than in the business of filing records and statistics. And if doctors did come to have diagnostic computers sitting on their desks, this would further underline the trend towards mass use of mini-computers on which computer manufacturers are pinning their growth prospects.

Videla promotes protege and defies generals

By Robert Lindley

BUENOS AIRES, July 10.

PRESIDENT Jorge Rafael Videla of Argentina has named his protegé and confidant, Maj.-Gen. Roberto Viola, to be his successor as army Commander-in-Chief when he retires from active service on July 31. Gen. Videla will stay on as *President*.

Gen. Viola thus will become the leading member of the *three-man military junta which* rules Argentina. The other two members of the junta also will be displaced *before* the end of the year. The navy Commander-in-Chief, Adm. Emilio Massera, will be succeeded in October by Vice-Adm. Alvaro Lambruschini, at present chief of the naval staff. Lt.-Gen. Orlando Agosti, air force Commander-in-Chief, will leave later in the year.

In the army high command, there was considerable opposition to the promotion of Gen. Viola from his present post of chief of the general staff to Commander-in-Chief. A powerful group of five Major-Generals agreed to his promotion, which will carry with it the rank of Lieutenant-General, only when Gen. Videla acceded to their demand that Gen. Viola will be Commander-in-Chief only until December 31, 1979. The army Commander-in-Chief usually holds his post for between two and four years.

The main reason for the opposition to Gen. Viola among his fellow officers is their contention that he is a "populist."

US COMPANY NEWS

Texas International Airlines buys stake in National; Good third quarter for Tropicana—Page 26

WORLD TRADE NEWS

Bonn monitors effect of barter on chemical market

BY ADRIAN DICKS

BONN, July 10

THE West German Government is watching developments in the chemicals market "with particular attention" for the effects of barter deals with Eastern Europe.

But for the time being, it does not believe there is firm evidence that either the chemical industry or any other sector has suffered any more from imports of bartered products than from those brought onto the German market under normal conditions.

Giving these views in a Parliamentary reply, Herr Martin Gruener, State Secretary at the Economics Ministry, also revealed that studies carried out for the Bonn government now estimate the share of barter deals in total West German trade with Eastern Europe as high as 15 per cent.

Herr Gruener stressed the difficulties of accurately assessing the weight of barter deals, and cited separate estimates that put their total value at 5 per cent of all Western trade with the East in the year 1975, and at about 10 per cent for the period 1975-1980.

Although the German Government regards barter deals as "problematical" and as a potential long-term hindrance to the development of trade, Herr Gruener also appeared concerned to put them into proportion.

He pointed out that the practice had grown not only because of hard currency difficulties for the Communist countries, but also because of structural differences between them and the West.

For example, said Herr Gruener, the Comecon countries lacked the expertise and the outlets to market many of their products in the West. Similarly, some barter deals must be regarded as the equivalent of long-term industrial co-operation arrangements that in the West would be set up as equity participations.

Under present conditions, Herr Gruener said, barter deals were not running the risk of making West Germany unduly dependent on the Comecon states for raw materials. On the contrary, they had had the effect of broadening the country's sources of raw materials and of energy.

The German official statistics show that for the major barter situations—long term deliveries of raw materials to pay for costly plant construction—the USSR and Poland account for 90 per cent of the total.

Natural gas is by far the most important item by value that Germany will acquire in return from the USSR, followed by chemical products and forest products. For the remaining Comecon countries, coal, oil, metals, chemicals and sundry mechanical engineering products are the most important headings.

Herr Gruener emphasised the West German Government's fundamental dislike of barter deals by expressing the hope that trade would develop healthily without them.

Imports from the Comecon countries had been increasing by an average 14 per cent a year in recent years, and the rate of "cover" of Comecon imports from Germany by exports to it had now increased from 50 per cent in 1975 to 70 per cent this year.

Nonetheless Herr Gruener also reminded the Soviet Union that this year's trade agreement, signed during Mr. Leonid Brezhnev's visit here, contained a clause specifying that barter deals "must be in the interests of both countries."

Decline in E. German trade with the West

EAST GERMANY'S trade with Western industrial countries fell by 10 per cent last year while its overall trade deficit continued to rise, writes Leslie Collitt from East Berlin.

East Germany's Central Statistical Office says trade with OECD countries dropped from 24.2bn Valuta marks to 21.8bn Valuta marks. A Valuta mark is a trade accounting unit worth DM 0.65. Once again the figures do not break East German trade down into export and imports but give only blanket figures. Total foreign trade was 91.7bn Valuta marks last year, 7 per cent higher than 1976. Trade with the Soviet Union rose 17 per cent to 32.5bn Valuta marks. The East German deficit in trade with Moscow is not given but is thought to be well over 2bn marks last year. 71 per cent of East German trade was conducted with other Comecon and Communist countries.

BC protest at steel duties

THE GOVERNMENT OF British Columbia has warned the Federal Canadian Government that it intends to fight the decision by Ottawa to reimpose duties on imported wide flange construction steel, writes Victor Mackie from Ottawa.

State Premier Mr. William Bennett has sent a letter to Prime Minister Pierre Trudeau protesting at the decision without providing any assistance to industries in British Columbia *which depend on imports of this* type of steel.

Dutch block cheap U.S. flights

BY CHARLES BATCHELOR

AMSTERDAM, July 10.

HOLLAND IS taking a hard line over cheap air fare offers to the U.S. The Dutch Ministry of Transport has ordered the American airline, Pan Am to stop compiling a passenger list for its Fl 115 ($51) standby flights from Amsterdam to Boston.

The issue of numbers to prospective passengers is not in accordance with the idea of standby seats which should only be made available within 24 hours of take-off, the Ministry said. This means that travellers who are already on the waiting list must also report daily to the airline to see if there is space on a flight.

The Ministry clearly intends to bring home to passengers the risks involved in cheap flights. "Not all travellers are sufficiently aware of the uncertainties which are part of the cheap standby system and the risks which the customer accepts," it said.

It expects its hard line to lead to demand being reduced to passengers who find the risks more acceptable than the higher prices charged for normal flights.

The Ministry will allow PanAm to put one extra Boeing 707 flight on the Amsterdam-Boston route before July 15 to pick up any stranded passengers. Pan Am had hoped to be allowed to use a larger 747.

Pan Am's Fl 115 offer, which has since been suspended, led to chaotic conditions at the airports in Amsterdam and Boston as prospective passengers camped out in the airport lounges. An estimated 2,400 were waiting for flights at one stage last week.

Japan mission to China

JAPAN'S major aircraft makers plan to send a mission to China in mid-September to explore the potential of China's civilian aviation market. The trip is still subject to Chinese approval, reports AP-DJ from Tokyo.

The 12-member mission is aimed at exchanging aircraft technology with China, said Mr. Daijo Shibata of the Society of Japanese Aerospace Companies, which will sponsor the visit.

ECGD move on Chile expected

BY HUGH O'SHAUGHNESSY

THE EXPORT Credits Guarantee Department may soon resume cover for medium-term business done with Chile. Since 1972 the Department has limited cover to payments due within six months.

Last month the Department of Trade announced that the decision about whether to do more business with Chile was being kept under continuous review.

Apart from the political implications in such a move a commercial problem remains with the debts owed by Chile to Britain.

The British Government refused Chilean requests to renegotiate payments due in 1975 though other creditors did make financial concessions to Chile by rescheduling payments.

An ECGD spokesman yesterday confirmed that the Chileans had been repaying debts to Britain at a slower rate than that originally scheduled though no British agreement had been made with Chile to authorise the Chilean action. The spokesman would not reveal the amount of money involved.

Meanwhile, in political and business circles there is renewed pressure for the Government to reappoint a British ambassador to Chile, the last envoy having been withdrawn in 1976 after Dr. Sheila Cassidy, the British surgeon, had been tortured by the Chilean secret police.

The absence of an Ambassador and the abolition of the post of Defence Attaché at the Embassy in Santiago are seen as going against the drive for British business.

Last year Britain imported nearly £77m worth of goods from Chile of which £57m were metals, mostly copper, against exports of £39m.

Dr David Owen, the Foreign and Commonwealth Secretary, has several times made it clear in recent weeks that a British Ambassador will not be reappointed to Santiago unless the junta improves its human rights record.

Abu Dhabi ship agents

THE GOVERNMENT of Abu Dhabi is finalising plans to replace private shipping agents with two Government controlled agencies.

Government legal officers are still preparing final documents. The basic idea is that the two agencies will have a 51 per cent Government controlling interest, with the remaining shares offered to local Arabs.

Accordin gto an official source in the UAE capital, the new ruling will only affect Abu Dhabi. The decision was taken to "introduce an element of local participation."

Dubai Dry Dock costs

THE COST of Dubai Dry Dock has been fixed at £231m ending months of speculation on the size of the eventual bill, writes Celia May from Dubai.

According to the consultants, Sir William Halcrow and Partners, the Ruler of Dubai has agreed to the figure and payments to the British contractors, a Costain Taylor Woodrow joint venture, are on schedule. Costs have escalated from the 1973 figure of £91m and the later figure of £162m because of inflation and, to a lesser extent, because of problems over the dock floor, part of which had to be replaced, said a spokesman for Halcrow.

Kenya radio contract

By John Worrall

NAIROBI, July 10

THE KENYA Government has signed a £10m contract with Thomson of Paris for the supply of radio communications equipment to improve countrywide radio reception.

This embraces part of a French loan to Kenya of some £14m to cover also new buildings and infrastructure. The move follows a report by a Swedish telecommunications team, which carried out a comprehensive survey, and involves the establishment of three high power medium wave stations at Kisumu, Meru and Voi, two medium power stations at Nakuru and Nyeri, and a low power station at Garissa.

Two high-power short wave transmitters are to be installed in the Nairobi area to provide effective coverage in areas not adequately covered by medium wave.

£100m aid for India

BY K. K. SHARMA

NEW DELHI, July 10

THE BRITISH aid programme to India is the largest of all bilateral aid programmes to the country and the amount disbursed in the year ended March 1978 totalled over Rs1.6bn (about £100m), according to Mr John Thomson, UK High Commissioner in India.

He said that the UK had pledged more than Rs2.2bn at the Aid India consortium for the current year. In pursuance of his Government's decision, the UK's aid would be grants and not loans requiring repayment.

Mr Thomson was speaking on the occasion of the laying of the foundation stone of the Nagarjuna fertilisers and chemicals project at Kakinada in Andhra Pradesh state.

The Kakinada fertiliser plant, being set up as an Indo-British collaboration will make an important contribution to India's goal of self-sufficiency in fertilisers when completed, Mr. Thomson said.

The UK Government is allocating £150m for the building up of the complex, which will have an output consisting of 900-tonne per day of ammonia and 1,500 tonne per day of urea.

The preliminary work on the design of the complex has already begun and the formal signing of the main contract is expected to take place in Delhi on August 1. The plants are expected to be commissioned in October 1981.

Mr. Thomson said on the occasion that the British premier, Mr. Callaghan, during his visit to India in January, had spoken of the need for expanding Indo-British collaboration in this important field.

He viewed this as a significant way in which British services and equipment could contribute to the Indian rural economy.

LRC plant in Malaysia

LONDON RUBBER is establishing a factory in Kulim, 200 miles north of Kuala Lumpur, to manufacture rubber gloves next year for export to the U.S., Japan and Australia, reports AP-DJ.

Mr R. W. Larkin, the managing director of LRC, said the $2m factory would produce 60m pairs of gloves when fully operational and would employ 450 people. It will be called Marigold Malaysia Pty Ltd.

BRAZILIAN SHOE INDUSTRY

New hopes in Novo Hamburgo

BY SUE BRANFORD, RECENTLY IN RIO GRANDE DO SUL

A CLIMATE of bustling prosperity has returned to Novo Hamburgo, a small farming town in Rio Grande do Sul, Brazil's southernmost state. The town, which was founded 150 years ago by German immigrants, depends exclusively on shoe exports for its well-being.

Last year, prolonged uncertainty about decisions to be taken in Washington (the U.S. is a major market), created considerable anguish—hundreds in the town's 150 shoe factories were dismissed as importers waited while U.S. shoe manufacturers lobbied President Carter, calling for him to impose an import quota system, based on exporters' 1974 sales. In the end, the President turned down the International Trade Commission's plans, but for Brazil the reprieve was only partial, and its imports are still subject to countervailing duties of 4.8 to 12.3 per cent. The lower tariff applies to companies which export over 40 per cent of production and the high to those which export less. In all, the country's exports to the U.S. fell from 26.7m pairs of shoes in 1976 to 17.6m pairs in 1977. As the Sinos river valley around Novo Hamburgo provides 70 per cent of Brazil's shoe exports, the local economy was badly hit.

This year, prospects have brightened considerably. By the end of May, shoe exports reached $91m, compared with $62m in the same period last year. Manufacturers expect them to reach $200-220m by the end of the year. Perhaps over optimistically they are hoping that there will be no further problems with the U.S., provided that their exports do not exceed their peak level in 1976.

In the long term, part of the answer to the industry's vulnerability will be market diversification. This trend has already begun in tentative fashion, for the U.S. share of Brazil's exports fell from 90.9 per cent in 1973 to 71.1 per cent last year. Although this tendency has been reversed this year, most manufacturers believe that the present rush to export to the U.S. is temporary, motivated by fear that present favourable conditions could change.

Europe's purchases are growing rapidly, rising from 1.3m pairs in 1973 to 4.9m pairs in 1977, about a fifth of total shoe exports. West Germany, followed by the UK and France, are leading buyers.

Another new tendency has been increasing demand for boots, exports of which rose from 1.8m pairs in 1975 to 4.9m pairs last year. As boots have a higher price per unit, this partly explains why exports, which dropped heavily in number of pairs, from 31.3m in 1976 to 24.7m in 1977, remained more or less stationary in terms of value, at $175.1m and $174.5m.

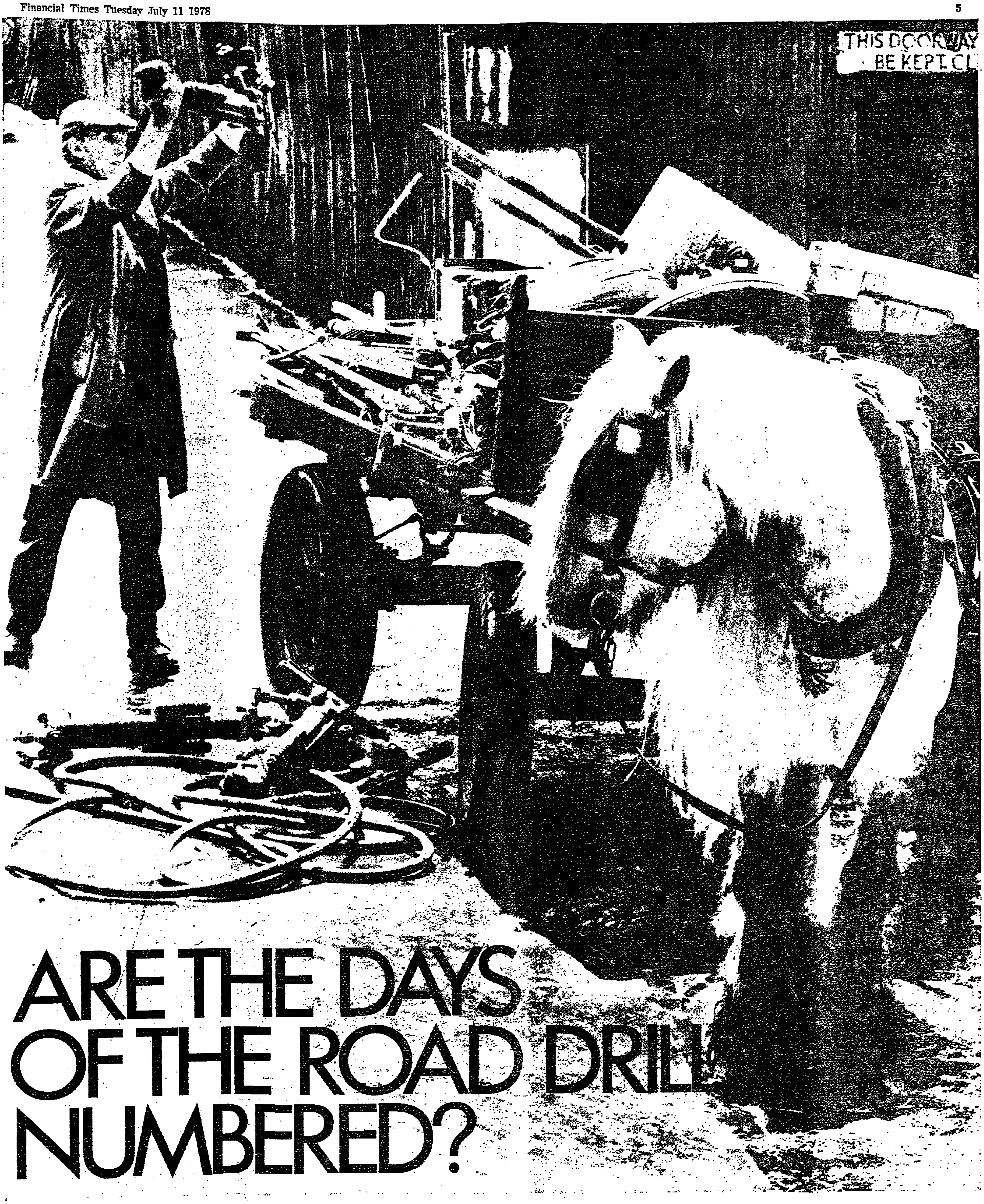
Sr Niven Friedrich, former mayor and present chairman of the local shoe manufacturers' federation, says the secret of Brazil's success lies in the reliability of its footwear manufacturers, despite competitive prices, and this is guaranteed by the individual attention paid to every item, possible in a labour-intensive industry. Rio Grande do Sul has 400 manufacturers, together employing 42,000 direct workers in the factories and about 12,000 cottage workers, mainly women. Average wages, at £16 a week last year, are low. Most of the enterprises are small, for only 5 per cent produce more than 500,000 pairs of shoes a year.

Sr. Friedrich says the industry is 100 per cent Brazilian-owned. Manufacturers he says have developed their own technology in a satisfactory fashion and are now beginning to sell simple, labour-intensive machinery to other Latin-American countries which, at a similar level of economic development, are not interested in the sophisticated, capital-intensive machinery available from the highly-industrialised countries.

Most manufacturers do not believe that Brazil should try to break into the higher-price, fine-quality ranges developed by Italy and Spain. They consider that, at least in the foreseeable future, Brazil should stay in the cheaper ranges, taking full advantage of reduced costs made possible by the lower outlay on labour and leather.

The Novo Hamburgers are confident of the long term future of the industry. They believe that, with its 100m head of cattle, Brazil will eventually become the world's number one shoe exporter. Measures are already being taken to improve gradually the quality of the cattle and thus, indirectly, to increase the number of hides available to the shoe industry each year, now at about 2-3m.

Despite the country's high population of 115m, domestic shoe consumption is still low. In 1976, the last year for which figures are available, only 130m pairs of leather shoes and 191m pairs of synthetic shoes, mainly flip-flops, were sold on the internal market. Nevertheless, manufacturers are becoming increasingly aware of the domestic potential. Last year, they say that the crisis in exports would have had even more serious consequences if they had not been able to find an outlet on the domestic market for some of the shoes originally produced for export.



ARE THE DAYS OF THE ROAD DRILL NUMBERED?

Road works may be things of the past. All that noise, nuisance and pollution may vanish when gas and water mains are made in non-corrodable, hardwearing polyethylene and won't need so much attention.

When? The day is closer than you think.

BP Chemicals have already developed grades of Rigidex high density polyethylene that meet the gasmen's requirements for gas mains (they're the only UK company to have done so). And they've done the same for the high pressure requirements of the water boards (the only UK company to have done that, too).

BP Chemicals, working on the frontiers of plastics technology, are in the business of producing raw materials to meet the changing demands of the modern world – materials that are more highly developed, more versatile than the materials of the past.

BP Chemicals are one of the founders of the European petrochemicals industry. Our direct access to the raw materials from within the BP Group provides security of supply.

This, together with our continuing investment in resources, service and product range, ensures that we continue to meet the needs of industry today, and the demands of the world tomorrow.

BP

BP chemicals-making it all happen

Rajawella inquiry finds director imprudent

BY CHRISTINE MOIR

THE TWO-YEAR investigation by the Department of Trade into the affairs of Rajawella Produce Holdings has found evidence of imprudence but not bad faith on the part of the investment manager Mr. John Coyne, a former financial journalist.

It also highlights the involvement in the company of Mr. Antony Mendez who is now bidding for Rajawella.

The two inspectors say in their report published yesterday that Mr. Coyne and Mr. Humphry Crum Ewing, his fellow director, "acted throughout in what, in their different ways, they honestly conceived to be in the best interests of the company."

However, "it cannot be said that their efforts met with success," a failure they attribute to Mr. Coyne's imprudence in concentrating all the company's investment funds in a small high-risk area in the middle of 1973.

Mr. Coyne is also criticised for his "failure properly to examine beforehand all the various aspects" of a key transaction whereby Rajawella would have swapped its blocked Ceylon assets for a stake in a Far East company, Pacific Bancorporation.

Mendez bid

Because of this failure, Rajawella "obtained nothing tangible" through this deal.

More importantly, the inspectors have found that shareholders were not fully presented with the risk involved in this deal. Nor were they informed of a material contract — which eventually came to nothing, as it happens—between Mr. Coyne and the owner of Pacific, Mr. Anthony Mendez.

Mr. Mendez, through another of his companies, A. Mendez and Co., a UK subsidiary of a Hong Kong group owned by Mr. Mendez, is bidding for Rajawella at 4p per share. The offer closes on July 17.

The report concentrates largely on the transactions between Mr. Mendez and Mr. Coyne through which Mr. Mendez acquired the 36 per cent stake in Rajawella that he now holds, and Rajawella acquired a controlling stake in Pacific, Mr. Mendez's company.

The report finds that Pacific was financially unsound at the time that Mr. Coyne was proposing to take a stake in it and that shareholders were not fully presented with this information or the risk that the deal involved.

It also notes that "no warranties or firm commitments as to the future were obtained from Mr. Mendez and his associates."

Mr. Mendez issued a statement in which he said that his offer for the company would not be improved or extended beyond next Monday.

He referred to the "list of assumptions and uncertainties included in the financial information" disclosed by Rajawella's directors in a circular on July 5. These made it clear that his offer was "more than generous," Mr. Mendez said.

Fares to rise

PUBLIC TRANSPORT fares on Merseyside buses, ferries and suburban railways are expected to go up again in October to yield another £3.7m a year if the North West Traffic Commissioners approve. The last increases were made last October.

West shipyard talks as recession grows

BY LYNTON McLAIN

PLANS for restructuring shipbuilding in 14 Western countries will be discussed in Paris today by the Organisation for Economic Co-operation and Development, with evidence from Britain that the world shipping recession is getting worse.

In Britain more than one in 10 ships are idle, a record, the General Council of British Shipping said today. The total UK tonnage laid up at the end of May was 5.3m deadweight tons, 11 per cent of the fleet, compared with 4.4m dwt, or 9 per cent, in April.

The idle tanker tonnage rose from 2.5m dwt in April to 3.3m dwt at the end of May, making a record 12 per cent of the oil tanker fleet idle. A tenth of the dry cargo fleet was idle, at 2.1m dwt.

Elsewhere the volume of idle tonnage continued to rise in May, with 9 per cent of the world fleet idle, or 56.1m dwt, idle.

This is the highest unemployed tonnage for two years, but the rise of 1.3m dwt in the idle tanker sector was offset partly by the drop of 0.77m dwt idle in the dry cargo market.

The OECD Council working party on shipbuilding will discuss ways of implementing its original plan, drawn up in March 1976, for cutting the West's shipbuilding capacity.

Also on the agenda will be the growing use of shipbuilding subsidies, including Britain's call for the European Commission to approve a second, £80m, shipbuilding intervention fund.

This would enable British Shipbuilders to match the low prices offered in Japan and other Far Eastern countries, but may contravene EEC rules on fair competition.

There is growing concern in the OECD that the increased use of subsidise is "storing up trouble" for all shipbuilding nations.

The guidelines set out in March 1976 called for all members to adhere to a code of conduct. This was to confirm that Governments would stand by existing agreements on unfair competition.

But since the original meeting individual countries have tended to go their own way, with only grudging acceptance that other countries may be put at a disadvantage.

Holland and France have also proposed new subsidies to the European Commission and these will be discussed at the meeting in Paris.

Japan, which historically has had 50 per cent of world shipbuilding production and a much greater proportion of installed production capacity, was critical of West European shipbuilders at a meeting in April.

Officials from Tokyo were concerned that Japanese efforts to reduce capacity and to diversify yards away from shipbuilding had not been matched by those in Europe.

But at today's meeting OECD officials do not expect a further Japanese attack. Japan knows that much of Western Europe's shipbuilding policy is still being formulated by the EEC, and that this is not finalised.

Argyll production to increase

BY KEVIN DONE

OIL PRODUCTION from the North Sea Argyll Field should increase significantly after completion of the latest development well.

The ninth well drilled on the Argyll field, which was the first to come into production in the UK sector of the North Sea in 1975, has been tested successfully and could boost production by as much as 50 per cent.

Hamilton Brothers, the field operator, said yesterday that plans were being completed to connect the well to the existing production facilities immediately, if weather permits.

The field, the smallest commercial oil discovery in the North Sea, is currently producing at an average rate of 20,000 barrels a day. The latest well on block 30/24, has been tested at a rate of more than 10,000 barrels a day.

The Argyll reservoir has proved difficult to assess and no company estimate of recoverable reserves has been published. Last August, reserves were estimated by the Department of Energy at between 20m-25m barrels.

Water has been produced with the oil from some existing development wells, but Wood Mackenzie, the oil company analysts, says there is confidence that production will continue until at least 1979-1980.

Interests in the Argyll Field include Hamilton Brothers (36 per cent), RTZ (25 per cent), Texaco (24 per cent), Blackfriar Oil (12.5 per cent), Trans-European (2.5 per cent).

Non-output workers 'level off'

BY JOHN LLOYD

THE PROPORTION of white-collar, "non-production" workers in UK manufacturing industry seems to have levelled out at an average of one-third of all employees, says a joint European Community/Department of Industry study published yesterday.

In the last 50 years, white collar jobs in manufacturing industry have been increasing rapidly, but the study shows a levelling-off in recent years.

The study also points up wide regional and sectoral variations. For example, regional differences varied from 46 per cent non-production workers in London to 28 per cent in Wales.

In Scotland and the North East, the figures are 31 and 30 per cent, respectively.

The sectoral variations are even wider. In the periodical, printing and publishing industries, the proportion was as high as 66 per cent, while in the production of wood and cork products, it went down to 11 per cent. However, proportions have been increasing in all industries.

"The major differences can be attributed to a concentration of scientific and technical workers in the chemicals and engineering industries and sales and distribution workers in the consumer goods industries," says the study.

Non-Production Activities in UK Manufacturing Industry, SO, price £1.60.

Oriental art works go East

AN EARLY Ching-Te-Chen white-glazed figure of Avalokitesvara wearing a tiara and the elaborate garments and jewellery of a Bodhisattva, made during the Yuan Dynasty of the late 13th to early 14th centuries AD, made £40,000 in a sale of Chinese and Korean ceramics and works of art at Christie's yesterday.

It was bought by a private Hong Kong collector in a sale which realised £245,750. Buddhist figures of this type have often been described as "ch'ing pai" or "Ying Ch'ing" ware—terms used to describe accurately the glaze but not the origin of the porcelain.

In a sale in which marked interest was shown by Far Eastern buyers, particularly from Hong Kong and Japan, Spink and Son paid £20,000 for a cloisonné enamel incense burner, decorated in bright colours with 14 lotus flowers on a turquoise ground, from the first half of the 15th century.

S. Moss, the London dealer, went to £8,500 for a bronze oviform bottle with slender cylindrical neck 8½ ins high, T'ang Dynasty, and Rare Art, the New York dealer, paid £7,200 for an archaic bronze oval pear shaped wine vessel and cover of the same height of the early Western Chou dynasty.

In the afternoon session of the sale, devoted to Korean ceramics and bronzes, Matsouka, the Japanese dealer, paid £5,500 for a large celadon cup and stand of the Koryo Dynasty.

SALEROOM

BY ANTONY THORNCROFT

A Byantine gold enamelled pectoral cross, with five circular cloisonné enamel roundels, produced in the early 12th century, made £20,000 in a sale of sculpture and works of art at Christie's yesterday. It was bought anonymously in an auction which made £201,381.

Another anonymous purchaser paid £10,000 for a group of four French ivory female figures of the seasons made in the 19th century. Mrs. W. R. Appleby, the London dealer, paid £6,000 for a Flemish oak relief of St. Christopher from the early 16th century and Serra, the Spanish dealer, £6,000 for a Limoges enamel ewer and stand by Pierre Reymond.

Sotheby's had a quiet day. Works of art and objects of vertu sold for £34,351, with a top price of £1,400 for a Jewish gold marriage ring of the late 16th-century, and printed books totalled £34,713, with a Belgian dealer paying £2,600 for a New Testament from Tyndale's Bible published in Antwerp in 1536.

Phillips sale of Old Master and English pictures totalled £94,600 with 12 per cent unsold.

Budget surplus in Guernsey

GUERNSEY'S Government accounts for 1977, published yesterday, showed a surplus of slightly more than £5m.

Gross income for the year was £27.8m., which included £16.5m in income tax against £13.7m in 1976, and £4.5m in duties against £3.3m the previous year.

Married women want own nest egg

BY ERIC SHORT

MOST MARRIED women are not satisfied with the saving arrangements in the family and would prefer to have a nest egg of their own, according to a survey by Liberty Life Assurance into the financial status of wives.

The company considers that its finding shows that wives are badly treated financially by their husbands, using the expression "financially battered."

In the survey, 895 married women were asked 16 questions about savings before and after marriage, the amount of savings held separately from the husband, the use of joint savings accounts and the access available to the wife.

The findings showed that wives could be divided into two groups. The first, which accounted for 10 per cent of the sample, is classified as "golden girls." The wives had access to money of their own averaging about £325 and saved at the rate of £9.50 a week.

Pocket money

The other 90 per cent had average personal savings of £12 and saved 95p a week, less than their children receive in pocket money. But three out of four wives in this sample had no personal savings, and it is to this group that the tag "financially battered" is given.

The survey showed that most women were savers by nature and wanted a personal nest egg of their own at all stages of their lives, irrespective of the duration of marriage.

Three wives in four wanted a financial identity of their own and considered that even amicably-run joint savings accounts were only second best.

● Liberty Life also announced the introduction of a new savings policy for women, which is claimed to be divorce-proof. This policy enables the wife to keep control of her savings during marriage, enabling her to retain financial independence.

New limits for life policies

FRIENDLY SOCIETIES will now be able to issue life and endowment policies for £15,000 and annuities for £1,500 a year on their non-tax-exempt business.

The Chief Registrar has made the necessary regulations which were laid before Parliament yesterday, writes Eric Short.

Some business transacted by friendly societies is exempt from tax, while other business is taxed as a life assurance or annuity fund.

The limits on each life for the tax-exempt portion are £500 for the sum assured, and £104 a year for annuities. These sums have remained unchanged since 1948.

The new limits apply to the portion taxed as life business. The maximum sum assured that can be issued on one life is now £15,500 (£500 plus £15,000) and the maximum annuity £1,604 (£104, plus £1,500).

Tighter rein on foreign insurance

Financial Times Reporter

OVERSEAS COMPANIES carrying on general insurance business in the UK will have to conform with detailed administrative procedures governing the deposits which they will be required to make, under regulations published today.

The regulations, which come into force on July 31, implement EEC requirements on the margin of solvency of general insurance companies.

Figures show little underlying growth in company profits

BY DAVID FREUD

THE GROWTH in companies' real profits levelled out at the beginning of this year, according to figures released by the Central Statistical Office yesterday.

The figures show that there was hardly any underlying growth in profitability since the end of last summer. At the same time there was a big increase in the financial deficit of the company sector.

Gross trading profits of industrial and commercial companies, excluding the North Sea oil and gas sector, were almost unchanged at £3.1bn in the two quarters. The figures are seasonally adjusted and deduct the cost of financing an increase in the value of stocks.

In the North Sea sector profits rose 18.6 per cent between the latest two quarters to £510m. This brought the overall gross trading profit up to £3.6bn, an increase of £88m.

Over the longer-term, gross trading profits rose £580m to £7.2bn in the six months to last March compared with the previous six months.

Profits in the North Sea sector in the latest half-year were only 6 per cent higher than the preceding six months at £940m—in contrast with the spectacular growth in the 18 months to last summer.

However, a rise in profits from North Sea operations is expected during the rest of this year.

Gross trading profits of industrial and commercial companies outside the North Sea sector rose by 9 per cent to £6.3bn, net of stock appreciation, between the last 2½ years.

The flat trend of profits, combined with an increase in capital spending on fixed assets and the level of stocks for work in progress and finished goods, resulted in a sharp increase in the financial deficit of the corporate sector as a whole.

The deficit represents the shortfall for companies after financing tax dividends, capital investment and stocks.

In the first three months of the year the sector's financial deficit widened to £520m, while the deficit in the previous three months was £90m.

MPs query Property Services Agency

BY MICHAEL CASSELL

THE ACTIVITIES of the Property Services Agency, recently accused by a former employee of wasting large amounts of public money, yesterday came under scrutiny from the Commons select committee on public accounts.

Mr. Edward du Cann, committee chairman, said that the accusations made by Mr. Leslie Chapman, a former civil servant, were being taken most seriously and warranted the current detailed review of the agency's operations.

He told Sir Robert Cox, chief executive of the agency, that disposal of unwanted land by the agency appeared to represent a long process. He asked what was being done to reduce delays.

Sir Robert said that the agency was often not the arbiter in land-disposal decisions but merely acted as an agent for other government departments.

In the case of the Ministry of Defence, a major holder of land, Sir Robert said that it was often not possible to agree what land should be disposed of.

The agency's suggestions for disposal were brought up "from time to time," and it reminded various departments that they should not hold on to land unnecessarily.

"If we think the wrong decision is taken, then we do challenge it."

In the last five years, the agency had disposed of more than 15,000 acres of surplus defence land and quite a large number of surplus houses.

Mr. Robert Taylor, Tory MP for Croydon NW, criticised what he described as the "unceasing growth" of accommodation required by the agency. This was being conducted on an "astronomical scale."

He had made repeated attempts in the Commons to establish how much property was released by the agency arising out of the acquisition of new premises.

He suspected that there was hardly ever a case when this happened and asked Sir Robert to ensure that his department provided a breakdown of the agency's net growth in property acquisitions over the last three years.

New coal-burning energy system backed by report

BY JOHN LLOYD

A PROMINENT role in the supply of energy will be played by fluidised-bed combustion, an experimental coal-burning power generation system now being developed in Europe and America, according to a report published yesterday.

The report, by Inform, the U.S. social research organisation, was written by Mr. Walt Patterson, energy consultant to Friends of the Earth, the UK environmental pressure group.

Fluidised-bed combustion is a method for generating steam in which small particles of coal and other material are burned on a cushion of air.

The main advantages are a higher rate of heat transfer and the ability to burn low-grade coal and other matter.

In May the Government announced that it would consider investing in the development of fluidised-bed boilers. A project is being developed by the National Coal Board in conjunction with Babcock and Wilcox at a cost of £50m.

The report says: "Fluidised-bed combustion appears to promise a simple, elegant and versatile approach to burning virtually any combustible material . . . As economic and institutional uncertainties are resolved fluidised-bed combustion appears likely to play a prominent role in energy supply."

The main reason for the recent upsurge of interest in fluidised-bed technology—which has existed in some form for decades—is the increasing emphasis on energy saving. As Inform points out, the system holds out the promise of a more efficient used of a wider range of materials.

However, the report stresses a number of difficulties in the short-term for commercial application, one being the divergence of view over whether the atmospheric or the pressurised boiler system should be adopted.

Fluidised-Bed Energy technology—coming to a boil: by Walter C. Patterson and Richard Griffin, £25, from Friends of the Earth, 9, Poland Street, London, W1.

Lord Oram heads Co-op agency

LORD ORAM, one of the Government's whips in the House of Lords, is to be the first chairman o fthe new Co-operative Development Agency.

As Mr. Albert Oram, he was a Labour MP for 28 years until 1974 and was made a Life Peer in 1975. During the 1964-70 Labour Government he was a Parliamentary Secretary at the then Overseas Development Ministry.

The agency is being set up by the Department of Industry during the coming weeks following enactment of the Co-operative Development Agency Bill 10 days ago.

The appointment of Lord Oram, aged 63, is to be announced tomorrow.

The main purpose of the agency will be to help development of workers' co-operatives. It will not have any money of its own to invest but will be given £1.5m by the Government over three or more years to cover its administrative expenses.

Viability

It will advise co-operatives on the viability of their schemes and will act as a central clearing house for worker-owned ventures. It will also assess proposed schemes for Government departments when requests are made for financial aid.

On a more general basis it will also provide research and information facilities for all the different types of co-operatives in the consumer and service fields, as well as worker projects.

Proposals for creating the agency, which has been discussed within the co-operative movement for many years, were contained in a Department of Industry White Paper last October.

They received the immediate backing of the Prime Minister, and the Agency Act went through all its Parliamentary stages in three months with general backing from almost all political parties at Westminster.

Mitsubishi studies Welsh site

By Robin Reeves, Welsh Correpsondent

TALKS on setting up a Mitsubishi truck assembly plant in South Wales have been held with South Glamorgan County Council and the Welsh Office, it was confirmed in Cardiff yesterday.

The talks have centred on a 50-acre site at Wentloog, which lies on the Bristol Channel coast, half way between Cardiff and Newport clocks, within the Prime Minister's constituency of Cardiff South-East.

Mitsubishi's UK concessionaires, Colt Cars, which has been conducting the discussions, imports all its Japanese cars through Alexander Dock at Newport. The Wentloog site is therefore regarded as ideally located for an import, assembly and re-export operation.

Work on developing the land for industry is already under-way as part of a general effort to attract new manufacturing ventures to Cardiff and soak up the city's high unemployment. In particular it could help to offset more than 3,000 jobs lost as a result of the closure of BSC's East Moors steelworks earlier this year. Some 40 per cent of the cost of the assembly plant may be met from Government funds, under various regional aid schemes, given a Department of Industry go-ahead.

Babcock merger talks collapse

BY MAX WILKINSON

THE DECISION by Northern Engineering Industries to pull out of talks with Babcock and Wilcox about a merger of their boilermaking interests marks the final collapse of Government hopes to reorganise the heavy power industry.

A year ago efforts to merge the turbine generator divisions of the General Electric Company and of C. A. Parsons in Newcastle foundered on trade union opposition.

Then, last September, Reyrolle Parsons and Clarke Chapman, the Gateshead boilermaking and mechanical engineering company, decided to merge to form a new group, Northern Engineering Industries (NEI).

This was basically a defensive operation because both companies were vulnerable on the stock market to adverse sentiment about their heavy power generating operations.

It was thought that the new group with a turnover last year of £387m would be financially strong enough to ride out storms in this part of the business while seeking to diversify into other parts of the mechanical and electrical engineering industry.

Although Parsons had taken a very firm stand against the idea of a merger with GEC's turbine generator operation, Northern Engineering made it clear that merger talks on the boilermaking side would continue.

Now, 20 months after those talks started, they have collapsed. The main reason was that the two companies could not agree about guarantees on the sharing of work between their two factories.

Babcock and Wilcox's main boilermaking plant is at Renfrew on the Clyde, where about 3,500 people are employed. Clarke Chapman's works at Gateshead is a smaller operation employing 1,500 people with a further 1,500 working on the sites of new power stations.

The Gateshead works has a capacity for making about 500 MW to 600 MW of boilers a year compared with a capacity of about 1800 MW at Renfrew and a smaller Babcock factory in Dumbarton.

The total capacity, therefore, is about 2,400 MW a year. Since the boilermaking companies have always been heavily dependent on home orders, the Government think tank (Central Policy Review Staff) recommended that a minimum of 2,000 MW should be ordered to provide a home base of work for a merged company. The remainder would have to be obtained from export orders.

Present projections by the two companies assume only about 1,200 MW a year of work from the Central Electricity Generating Board and its Scottish counterparty.

Continued doubts about the future growth of demand for electricity, delays in completing power stations, and uncertainty about the policy for oil, coal and nuclear stations, have increased the companies' difficulties.

This shortage of orders is particularly alarming to NEI, because it was planned that Babcock should have control of a new merged company with 75 per cent of the equity.

Northern Engineering believed, therefore, that Babcock would be under strong pressure from its labour force to concentrate available work at Renfrew and to run down the Gateshead factory.

Babcock and Northern Engineering had given a written guarantee to trades unions that redundancies would not be made without the agreement of both companies. But it was becoming clear to both that this undertaking was becoming increasingly difficult to honour.

The Gateshead works, with a turnover of about £30m. (compared with Babcock's £90m.), has work for only one more year, mainly on the Littlebrook power station.

It then faces a gap of a year before the first work for the Advanced Gas Reactor (AGR) at Heysham starts to come into the factory in mid-1980.

Babcock, on the other hand, has a full load until 1980 with work for the Drax B power station near Selby, which the Government announced last year was to be ordered ahead of time.

The Gateshead factory is expert in the manufacture of AGR boilers, while Babcock's strength is in conventional fossil-fired boilers.

The complementary skills of the two companies make the logic of a merger even more compelling, particularly at a time of short orders. In the absence of a merger, however, the two companies have agreed to fairly detailed co-operation.

Trades unions probably hope that direct political pressure for the ordering of more power stations will eventually solve their problem, as happened when the Drax B station was ordered to save jobs at Parsons and at Renfrew.

Meanwhile Northern Engineering has an extremely difficult task ahead to try to find work to fill its Gateshead factory until the AGR work starts to come through. It will redouble efforts to secure export orders for small turnkey power stations

HOME NEWS

House of Fraser takes over Aviemore centre

BY ANDREW TAYLOR

HOUSE OF FRASER is now the sole owner of the Aviemore ski holiday centre in the Highlands of Scotland. It has paid £455,000 to acquire the outstanding two-thirds of Highland Tourist (Cairngorm Development) it did not previously own.

Highland Tourist which controls the Aviemore centre was founded in 1964 by a consortium of Scottish businessmen to develop tourist trade and stem the depopulation of the Highlands. It was jointly owned by House of Fraser, Scottish and Newcastle Breweries and Tennent Caledonian Breweries, each with a third stake.

Sir Hugh Fraser, chairman of House of Fraser, becomes chairman of Highland Tourist—which has only once made a profit in the last 11½ years—now that the breweries have sold their interests.

Scottish and Newcastle and Tennent said yesterday that they would continue to operate their Strathspey and Badenoch hotels—one of four hotels at the 75-acre Aviemore centre.

About 700,000 people visited Aviemore in the year to September 30 last year. A joint statement from the House of Fraser and the two breweries yesterday said that a single owner would make for more effective management and easier administration.

At Aviemore, it was said that while Highland had been a loss maker the centre—including the hotel concessions—had made profits. Average annual losses from Highland are about £50,000.

Standard of living 'may have to fall'

BY CHRISTOPHER DUNN

STANDARDS of living in the UK may have to fall temporarily to help the struggle against inflation, according to the Association of British Chambers of Commerce.

Mr. Tom Boardman, president of the association, says in a letter to Mr. Denis Healey, the Chancellor, on pay policy after Phase Three that total adjusted earnings can increase only at a rate compatible with continued reduction in inflation.

Guidelines on pay would have to keep to a figure in line with such a target.

If the Government was not prepared to detail the consequent need for a drop in living standards, it should abandon the attempt to pronounce on wages in the private sector.

It should try instead to reach non-inflationary settlements in the public sector.

"This would have the great advantage of making employers and employees face the reality of the economic factors affecting each plant and job instead of fixing for them a rate which may bear little relationship to their circumstances, and lead to an even higher rate of inflation."

Settlements reached by the Government in the public sector must conform strictly to the same disciplines expected of the private sector.

On the problems created by the present and previous pay policies, Mr. Boardman says: "The objective must be the achievement of moderate pay settlements whilst restoring the ability of employers to reward scarce skills."

The association called recently for a two-tier pay formula involving a basic settlement, plus an extra payment to remove anomalies.

It supports the idea of a 12-month rule on pay settlements which might ventually be agreed for even longer periods.

Peterborough plans home-care scheme

BY JAMES McDONALD

A NEW concept in British community care which offers the patient the choice of treatment at home instead of in hospital—provided the family doctor, patient and family agree—is to be introduced in Peterborough.

Beginning in October the three-year pilot scheme will be backed by £200,000 from the Sainsbury Family Charitable Trust supplemented by £24,000 from the Cambridgeshire Area Health Authority (Teaching).

This is the first time a scheme of this type has been considered for the National Health Service. It is modelled partly on a system operating in Bayonne, France.

Under the scheme, a patient will be attended by the family doctor, a nurse and a patient's aide (a staff member combining the duties of nursing auxiliary and home help) and trained and supervised by nurses).

The services of additional staff, such as medical consultants, remedial therapists and other professional colleagues, would be called upon if needed.

Jobs powers sought for Clydebank

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE LEADER of the district council at Clydebank, Glasgow, which has been hit badly by recent redundancies and closures and faces the loss of a further 2,800 jobs, called yesterday for special status for the area to fight unemployment.

Provost William Johnston demanded that the district be designated an "experimental industrial rejuvenation area" with considerable extra powers and finance to attract new industry.

He said that, in particular, the district council should be given powers similar to those of a new town development corporation to co-ordinate the work of industrial agencies and spend special funds.

These would cover rent-free periods, tax exemptions and a local payroll subsidy to encourage companies to move into Clydebank, a former shipbuilding area. Companies offering training or white-collar jobs should receive extra grants.

Provost Johnston, a member of the Scottish National Party, also called for liquidation of the district council's £44m capital debt, so that benefits in the form of lower rates could be passed on to industrial ratepayers.

Singer, whose sewing-machine factory is the town's largest employer, recently announced a investment plan which involves the loss of 2,800 jobs over the next four years. Unemployment, now estimated at 12-13 per cent, could rise to 16 per cent as a result.

Lever warns companies against piracy of ideas

BY CHRISTOPHER DUNN

SMALL COMPANIES with new ideas needed to know how to protect themselves from pirating and plagiarism by competitors, Mr. Harold Lever, Chancellor of the Duchy of Lancaster, said in London yesterday.

The Minister, who is charged with looking into the prospects for small businesses, was launching a new book from the Design Council on design protection.

"The importance of such protection is not always recognised by inventors and designers," he said.

The book is to be published on July 17 to coincide with the coming into force of the new British Patents Act bringing UK law into line with Europe.

Mr. Lever said that small companies' successes in the Design Council's annual awards scheme showed the contribution that they made to innovation.

"In recent years between a third and two-thirds of these awards have gone to firms employing less than 100 people."

Design Protection—a guide to the law on plagiarism for manufacturers and designers, by Dan Johnston: £5.00, Heinemann Educational Books, 48, Charles Street, London, W1.

Renault prices raised

PRICES OF Renault's U.K. range of cars went up by between 2 and 5 per cent yesterday although dealer stocks will be sold at the old price.

The company is simultaneously improving its equipment specifications so that cloth upholstery becomes standard on virtually all models.

The price increases come after a round of price rises from leading British car companies of 4-5 per cent. Renault, the fourth largest importer, is following their pattern of six-monthly increases rather than the quarterly rises which prevailed in the industry in 1975-77.

Examples of the new prices are: R4 £2,120 (old price £2,021); R5 TL £2,523 (£2,404); R14 TL £2,927 (£2,571); R30 TS £6,427 (£6,125).

Job cuts in Civil Service continue

BY JAMES McDONALD

THE NUMBER of permanent civil servants, including part-time staff, fell by more than 10,000 in the 15 months between the start of 1977 and April 1 this year to 735,700.

Civil Service Statistics, 1978, published yesterday by the Civil Service Department, shows that there was a drop of more than 8,000 in the strength last year, followed by a decline of more than 2,000 in the first three months of this year.

The decline, claims the department, fulfils the Government's goal, announced in February 1976, of making savings in the cost of the Civil Service in 1978-79.

Since April 1976, the Civil Service strength has been reduced by nearly 12,000 permanent staff and 4,700 casual staff.

The reductions have been greatest in the Ministry of Defence — down 15,900 — but there have been substantial increases in the Department of Health and Social Security, the Department of Employment and Inland Revenue.

Civil Service Statistics, 1978, SO, £2.75.

N500 troubles give jolt to Gallic pride

BY LYNTON McLAIN AND PHILIP BASSETT

France's biggest, most troublesome but potentially most profitable hovercraft is to be named in a ceremony at Boulogne this afternoon—almost exactly a year to the day after its original sister craft should have entered service across the Channel.

The first 260-tonne Sedam N500 craft was severely damaged in a dockyard fire on May 3 last year during modifications to its rubber air cushion skirt.

The craft was written off less than a month after it started trials in the Gironde Estuary, ready for cross-Channel services on July 15.

Sedam—the Société d'Etudes et de Development des Aeroglisseurs Marins, Terrestres et Amphibies—which is responsible for the lift, stability, manoeuvrability and trials of the craft, was shaken by the accident.

The N500 was France's answer to Britain's growing domination of the world hovercraft market and much Gallic pride was wrapped in those 48 circular rubber skirts.

These have since proved a continuing problem for the French designers and teething troubles have hit the second craft during its first few days of operations from Dover to Calais and Boulogne, which started last Wednesday, the day after Dover's new £14m hoverport opened and in time for the peak summer traffic.

There were Gallic smiles, however, as the Seaspeed N500, named Ingenieur Jean Bertin, headed out into the Channel three days ahead of its British commercial partner, but technical rival, the Super 4.

The launching of the Super 4 was held up by unofficial sanctions imposed by 49 land-based technicians, members of the Transport Salaried Staffs Association, over a parity claim with British Rail Sealink shipboard engineers.

NEWS ANALYSIS • HOVERCRAFT

The sanctions included blacking the "stretched" hovercraft, refusing to move to the new base at Dover's Western docks, a ban on overtime and rest-day working.

They have now been lifted pending the outcome of joint talks between the technicians, the association and British Rail.

A working party set up to look into the claim decided that parity was not justified because the ship's engineers were seagoing and bound by National Maritime Board conditions. However, it is meeting today to try to agree a new pay structure.

The Princess Anne Super 4 carried its first paying passengers on Saturday, the day it should have been passing the N500 in mid-Channel at a closing speed of more than 100 miles an hour, but the trouble-hit French craft was again in difficulties.

On Thursday one of its 48 rubber air cushion skirts failed during a flight. It was repaired but the same thing happened again on Saturday.

Intending hovercraft passengers from Dover to France have been caught between these technical and labour problems, which have affected capacity severely. The joint British Rail/French Rail Seaspeed Hovercraft operation has three craft with a total capacity of 1,070 seats and 130 cars.

This is made up by the ten-year-old SRN4 Princess Margaret with 254 seats and 30 car spaces, the Super 4 (416 seats and 60 cars) and the N500 (400 seats, 60 cars).

However, yesterday, when all three craft should have been operating, only the Super 4 was in service, cutting space available for bookings by about 60 per cent.

The Princess Margaret has worked for 18 months almost continuously and is in need of urgent maintenance. It is expected to be back in service in two or three weeks.

The N500 was taken out of service yesterday in preparation for this afternoon's naming ceremony.

Booking policy now adopted by British Rail Seaspeed to cope with a constantly changing capacity is based on a day-by-day analysis of the craft available.

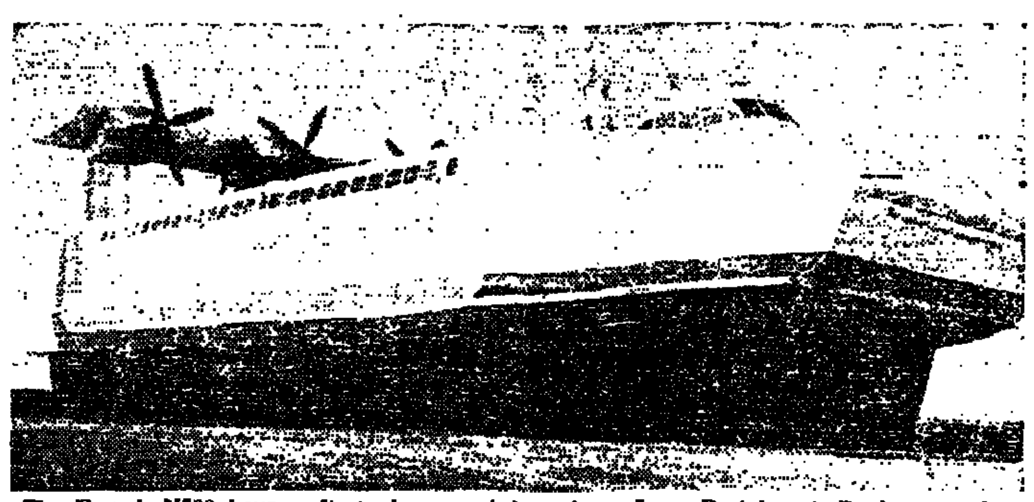
When a passenger, with family and car, or alone on foot, arrives at the new Dover hoverport, to find that his booked hovercraft flight has been cancelled he is guaranteed space on a BR Sealink ferry.

Seaspeed Hovercraft hopes that there will be no cancellations at all now the land-based engineers have returned to work pending the outcome of further talks. Seaspeed also hopes that the N500s "teething troubles" will soon be resolved.

To give the craft and its engineers a chance to cope with any difficulties that may still arise, however, the N500 is marked in the timetable to operate only six days a week.

The craft will be out for maintenance every Tuesday. The Super 4 is maintained during the evening off-peak times.

Passengers who insist on waiting for a hovercraft rather than take a 1½-hour crossing by ferry may have to wait up to two hours before getting away on their faster service—accounted for by the 30-minute crossing time by hovercraft and 30-minute turn-round at each end.



The French N500 hovercraft, to be named Ingenieur Jean Bertain at Boulogne today.

Premier sets out choice on monetary integration

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE PRIME MINISTER emerged unscathed yesterday from 45 minutes of intensive questioning in the Commons over the proposals for closer EEC monetary and economic integration which were put forward at the Bremen conference last week.

Although Mr. Callaghan did a careful balancing act and made it clear that final decisions have still to be taken, his attitude towards the proposals was far warmer and more positive than many MPs had anticipated.

Admitting frankly that if we joined the currency "snake" it would mean a further loss of the Government's powers of independent control over the economy, he declared: "The House must take the decision whether we wish to remain poor and independent or sacrifice some powers and remain more prosperous."

Throughout the prolonged exchanges, he strongly emphasised that an essential precondition for Britain's acceptance of the scheme would be a transfer of economic resources within the Community and, in particular, reform of the Common Agricultural Policy.

Mr. Callaghan also stressed the need for a cautious approach in order to avoid the unhappy experience of 1972 when Britain joined the "snake" only to leave again after seven weeks following a heavy loss of currency.

"It's no use joining a convoy if, after seven weeks, you have to jump overboard without a lifebelt," he declared.

This provoked a long intervention from Mr. Edward Heath who was Conservative Prime Minister at the time of the earlier involvement with the "snake." He pointed out that at Bremen last week unlike 1972, the Germans were prepared to commit large resources to maintain currency stability.

According to Mr. Heath, the Prime Minister was "trying to avoid the scheme in principle by insisting on unlimited discussion in detail."

It was noticeable, however, that, in a brief intervention earlier, Mrs. Margaret Thatcher, Conservative leader, had contented herself with a general observation and avoided any great show of enthusiasm for the Bremen proposals. This was in contrast with some of her pro-Market backbenchers who avidly welcomed the scheme as the first move towards full monetary union.

Mrs. Thatcher told the Prime Minister: "We are more likely to get out of the problem of world recession by cooperation with our partners than by standing aside from the scheme they have put up."

She welcomed the concept of a currency stabilisation scheme but added: "No such scheme will work or can ever be a substitute for running our own economy in a sound financial way."

The British people had been shocked, she said, to realise that having been "victor in Europe," we were now in second position economically among European countries.

In his statement to the House, the Prime Minister said that a final decision on the proposals would be taken at the European Council on December 4 and 5 and the British Government would play a full part in the forthcoming studies to be made on the scheme.

Monetary arrangements were not enough by themselves to ensure a zone of monetary stability. If it were to last, the new system must take full account of the economic interests of each member.

Largely at his own insistence, he said, it had been agreed to press on with studies to ensure a greater convergence in the economies of member countries, particularly in commitments to growth and the transfer of real resources.

It would be necessary to see how satisfactorily these matters had been arranged before we took a final decision.

Frank discussions had taken place at the conference on the CAP and it had been clear that a number of member Governments were dissatisfied with the present scale of agricultural expenditure and the cost of financing surplus production. As a result, the Commission had been asked to come back with proposals to remedy this at the next European Council.

If new solutions could be agreed on convergence of the EEC economies, a zone of monetary stability, the transfer of resources and the reform of the CAP, then Bremen "could turn out to have been an historic occasion."

Mr. Callaghan agreed with Mrs. Thatcher that it was better to co-operate rather than stand aside. We would continue to examine these matters constructively, and he was ready to do anything which would strengthen our own currency and provide greater reserves, provided that our other interests were satisfied.

"We will look at the scheme in that way," he promised. "But none of these schemes should be a substitute for solving our own economic problems."

There were cheers from Government backbenchers as another Labour opponent of the EEC, Mrs. Barbara Castle (Blackburn) claimed that the real motivation behind the proposals was the creation of a common European currency as the first step towards full monetary and economic union. This, in turn, would lead inevitably to a federal Europe, for which the Commons had never voted.

She wanted Mr. Callaghan to refuse to give any commitment, even in principle, until the House had had a full opportunity of examining the scheme and voting on it.

The Prime Minister replied that he had no doubt that a scheme for monetary stability could, in due course, lead to a common European currency and the kind of situation which Mrs. Castle foresaw.

"I don't have such fears myself, because the British Parliament and people will always judge this against what they believe to be their proper interests in these matter," he went on.

"It will be a long way from having greater monetary stability to the situation many years away to a European currency."

No such thing would be possible or sustainable and no Government could live with it unless there was a significant convergence of the European economies. "If that happened and raised the standard of life of the British people, I would be the first to cheer."

Voluntary dividend restraint likely

By Ivor Owen, Parliamentary Staff

THERE WERE further indications last night that the Government is likely to seek a period of voluntary dividend restraint when the present statutory control over dividends lapses at the end of the month.

Earlier pointers to this being the course most favoured by Ministers were strengthened during exchanges in the Lords when peers forcefully reiterated demands for an early statement of Government intentions to remove doubts and uncertainty in commerce and industry.

While Conservative and Liberal peers called for the lifting of all restrictions, Baroness Birk, for the Government, insisted: "You must accept that if one is asking for pay restraint on the part of the workers, one has also got to ask for dividend restraint."

Attacking the Government for allowing the position to be reached where, within three weeks of existing controls lapsing, no statement of future policy has yet been made, Lord Boyd-Carpenter (C) pointed out that most companies paying dividends took decisions some months before the dividends were actually paid.

Lady Birk explained that the issue was still under consideration by Ministers and promised that a statement would be made at the appropriate time.

But she acknowledged the difficulties caused to companies in their planning by the absence of guidance as to what would happen after the lapsing of existing controls at the end of July.

A number of factors had to be carefully considered as part of the Government's general approach to counter-inflation policy after the ending of the present pay round. "This is not something which one can look at in isolation," she stressed.

Lord Byers, leader of the Liberal peers, urged the Government to take account of the adverse effect which dividend control had on pension funds, while Lord Orr-Ewing (C) emphasised that increases in dividends had lagged way behind increases in wages over the last four years.

"The longer dividend limitation goes on the more arthritic our capitalist society will become and the less prosperous our nation," Lord Orr-Ewing warned.

Soviet trials place severe test on relations, says Callaghan

THE PRIME MINISTER told MPs yesterday that the trials of Russian dissidents placed "a very severe test on relations between the Soviet Union and other countries."

The Shcharansky and Ginsburg cases had been raised in the Commons by Mrs. Margaret Thatcher, Opposition leader, when Mr. Callaghan reported on the EEC summit in Bremen.

The trials had not been mentioned at the meeting, he said. But it was "quite clear, if they went ahead, that this would place a very severe test on relations between the Soviet Union and other countries."

The trials "bear some of the hallmarks of the trials we knew in Stalin's days," Mr. Callaghan added.

In a statement, Dr. David Owen, Foreign Secretary, said that all MPs would deplore the trials.

"The whole House will deplore the fact that the Soviet Government has now put on trial 15 members of the Helsinki monitoring group," he declared.

"These trials are in direct contravention of the spirit and intention of the Helsinki Final Act."

Dr. Owen added: "The British Government have repeatedly warned the Soviet Government of the consequences which their handling of such cases could have for the atmosphere of their relations with the UK and for the chances of making progress on vital issues in East-West relations generally."

Mr. John Davies, shadow Foreign Secretary, expressed horror that men should be on trial for crimes we did not recognise. "These trials further reveal the implacable hostility of the USSR to any efforts to placate it," he said.

He urged Dr. Owen to take that lesson to heart when considering the fearful problems of Africa.

Dr. Owen replied: "We will look at the question of what action to take but it would not be right to call off our participation on the comprehensive test ban or the multi-balanced force reduction talks."

Dr. Owen said Britain would not be intimidated by Russia in its relations with other countries such as China.

Mr. Greville Janner (Lab Leicester W) said that the statement reflected the anxiety and anger of most MPs and the vast majority of the British people at these "terrible travesty trials."

Dr. Owen said that people could not allow Governments to improve relations between the Soviet Union and the UK if they saw daily evidence that the Soviet Union was not respecting the Helsinki agreement.

Dr. Owen said: "The Soviet Government will soon have to choose. There will not be an improvement in the atmosphere of detente if they continue to conduct matters like this in the way they are doing.

There were some gasps when Mr. Enoch Powell (UU, Down S.) asked what would be the reaction of the Government if the Soviet Union sought to interfere with the administration of law in this country.

Dr. Owen said it would be to reject it. He had not referred to the specific court proceedings but always to the Helsinki monitoring group and their activities.

"We must respect, as far as we can, the due processes and hope, even at this late date, that the court will allow a fair and just hearing."

Dr. Owen rejected suggestions from MPs, including Mr. Andrew Faulds (Lab. Warley E.), that sporting and cultural links with the Soviet Union should be severed.

"These are rather difficult questions in which . . . there is a very great element of individual choice," Dr. Owen said. It was often an individual club, orchestra or ballet company which could also make its voice heard.

He confirmed a claim by Mr. Jeremy Thorpe (L Devon N) that Mr. Shcharansky had been held incomunicado in jail for 18 months and denied access to a lawyer, contrary to Soviet penal code. "That aspect causes great concern," the Foreign Secretary added.

Mr. Thorpe also claimed that the Soviet lawyer who wished to represent Mr. Shcharansky had been told to leave the country.

He contrasted the attention the Soviet Press paid to the case brought by the Republic of Ireland against Britain in the European Court with the denial of access for Western reporters at the dissidents' trials.

Dr. Owen told former Prime Minister Sir Harold Wilson (Lab., Huyton) who signed the Helsinki agreement for Britain: "I have no doubt whatever it was right to sign the final act. I believe it is right to go on pursuing the principles of detente."

He promised to consider publishing the details of the charges and records of the 15 members of the Helsinki monitoring group already brought to trial, and of some of the others under threat.

In further answers, Dr. Owen said that if Britain excluded the Soviet Union from the transfer of technology, other countries would not do the same. "We would just put our own industry and our own economic recovery at risk."

Mr. Stan Newens (Lab., Harlow) said he deplored the trials, as did committeed Socialists throughout the world.

Dr. Owen said that the Soviet Union must recognise that the people of the UK would not accept that there could be progress in detente without progress in the field of human rights.

Corruption 'cover-up' denied

MR. SAM SILKIN, Attorney General, denied in the Commons yesterday that there had been a "cover-up" in the Bryant building company corruption case.

Confirming his statement on May 22 that there would be no further prosecutions, Mr. Silkin told Mr. Jeff Rooker (Lab., Perry Barr): "There is no cover-up. There has been no cover-up."

Mr. Rooker told Mr. Silkin that his May 22 announcement had "caused great dismay in the West Midlands, not least among the police" after such a long time spent on the investigation "and knowing that 1,900 people got off scot free."

Kaufman attacks Tory 'niggling' over airliner

BY IVOR OWEN

A SUGGESTION by Mr. Norman Tebbit, Conservative spokesman on aviation, that the decision to authorise full-scale development of the HS-146 feeder airliner was intended as a general election bribe to influence voting in Labour-held marginal seats brought an angry response from the Government in the Commons last night.

Mr. Gerald Kaufman, Minister of State for Industry, who announced that the launching of the first civil airliner project undertaken in Britain for many years required an investment of £250m, accused Mr. Tebbit of trying to "crab" the announcement.

"You are always niggling, knocking and narking," he protested.

Mr. Tebbit was unrepentant, and the viability of the project was also questioned, though not in polemical terms, by Mr. Phillip Whitehead (Lab., Derby N.).

The Minister stressed that the go-ahead for the HS-146—expected to provide more than 7,000 jobs in the nationalised British aerospace industry and a further 4,000 to 5,000 jobs among suppliers of equipment—carried with it no implications for the longer-term decisions on collaborative projects in the aerospace industry.

He carefully refrained from giving any indication of Government preference in regard to the longer-term strategic issue of whether the UK should rejoin Airbus Industries and help to develop the new B-10 aircraft, accept an offer to help with development of the proposed new Boeing 757 jet, or join a venture with McDonnell Douglas of the U.S.

Mr. Terry Walker (Lab, Kingswood) in a debate on aerospace production said we were being offered some work on the B-10, a derivative of the A-300 airbus. But there was no guarantee that Rolls-Royce engines would be used.

It had been implied that if Britain did not collaborate with the European partners on the B-10, we would lose the 17 per cent of the work we already did for the A-300.

Mr. Walker called for assurances that the Concorde production lines would not be broken up when the last airliner had been completed. Once the valuable technical teams had been dispersed we would be unprepared when more airlines wanted to lease or buy the aircraft.

Mr. Ken Warren (C., Hastings) said MPs should not believe that the only answers to the difficult questions facing the aero industry were political.

"The decisions over the next generation of civil aircraft will be taken by the customers—the airlines," he said.

Mrs. Helene Hayman (Lab., Welwyn and Hatfield) said a decision had been awaited for four years on the HS146 and airlines throughout the world were interested in the aircraft. It had many advantages over its competitors.

Jimmy Reid backed by key Labour committee

BY RUPERT CORNWELL

BY NINE VOTES to four, a key Labour Party committee last night approved the choice of Mr. Jimmy Reid, the former Communist and leader of the Upper Clyde Shipbuilders workers, as prospective Parliamentary candidate for Dundee East.

The decision of the organisation sub-committee, which has to be endorsed later this month by a full meeting of the National Executive, was apparently taken without acrimony, despite its delicate and potentially explosive circumstances.

Mr. Reid, who twice fought Dunbartonshire Central for the Communists has only been in the Labour Party for seven months. But this infringement of the informal "two years rule" by which any prospective Labour candidate must have been a member of the party for that length of time, was put aside by the sub-committee.

Its reasoning was, it is understood, that Mr. Reid was an "exceptional" candidate, who offered Labour the best chance of recapturing Dundee East, lost to the Scottish Nationalists in the February 1974 general election. The present MP is Mr. Gordon Wilson, one of the SNP's most influential spokesmen.

The four dissenters were led by Mrs. Shirley Williams, Education Secretary and Mr. John Cartwright, MP for Woolwich East and chairman of the moderate Manifesto Group of Labour MPs. They argued that Mr. Reid's circumstances were not exceptional enough to justify the traditional waiting period being ignored.

Despite the peaceful tone of the discussions there are many in the Labour Party who fear that the endorsement of Mr. Reid may hand the Conservatives valuable election propaganda.

But Mr. Anthony Wedgwood Benn, Energy Secretary, was said to have commented at last night's meeting that it was a mystery why Mr. Reid had ever been a member of the Communist Party at all.

Tory protests over carpet damage charge

THE CHARGE of causing criminal damage against the two people who threw horse dung into the chamber of the Commons is not "of necessity" the only charge that will be made against them, the Speaker, Mr. George Thomas, told MPs yesterday.

He was replying to a complaint from Mr. Peter Emery (Co. Honiton) that the incident last Thursday had been made to appear ludicrous because the people concerned were charged with causing criminal damage to a carpet.

Mr. Emery said it appeared some humour had been made from what was a major breach of the peace.

Mr. Emery asked the Speaker to look at the action taken after the two people concerned had left the jurisdiction of the Serjeant-at-Arms and handed over to the civil authorities.

Mr. Thomas replied: "The answer is that, of necessity, it is not the only charge. That is the first charge as published. It would be more wise to leave it there. We do not know what course will be taken."

Cracks 'no threat to Concorde'

BRITISH AIRWAYS' five Concordes have all developed cracks in their wings, but these present no threat to the safety of the aircraft, the Commons was told last night.

Mr. Edmund Dell, Trade Secretary, confirmed that the five British Airways Concordes had developed cracks in reply to a written question from Mr. Hugh Jenkins (Lab., Putney).

Further details about the extent of the cracking were given by Mr. Leslie Huckfield, Industry Under-Secretary. He said the cracks, which were similar to those found on many types of aircraft, were very small and posed no threat to aircraft safety.

"A number of possible causes have been investigated and eliminated, and tests continue. Meanwhile, action has been taken to strengthen the wing structures on all British Airways and Air France aircraft."

Mr. Huckfield said the Concorde wing was a French design and manufacturing responsibility.

When Mr. Jenkins asked whether the delay in securing permission for Concorde to be flown by American operators was due to wing cracks found in the aircraft, Mr. Huckfield told him: "There has been no delay."

Mr. Huckfield said that the U.S. certification of Concorde had been linked by the Administration to the proposed noise rule for supersonic transport aircraft. "This has only recently been promulgated, and the type certificate is expected to follow shortly."

Customs sales

SALES OF goods and tobacco confiscated by Customs and Excise realised £1,661,493 in the year ended March, 1978, Mr. Denis Healey, Chancellor of the Exchequer, said in a Commons written reply yesterday.

No peace formula found for Post Office dispute

BY NICK GARNETT AND JOHN LLOYD

THE POST OFFICE Engineering Union said yesterday that Lord McCarthy, who heads the inquiry into the dispute over the union's claim for a 35-hour week had failed to find a peace formula during talks with both sides.

Lord McCarthy's report, which will contain his own recommendations, is likely to be issued later this week. He is due to meet the Post Office and union officials on Friday and the recommendations will also go to Mr. Eric Varley, the Industry Secretary.

Mr. Varley said in the Commons yesterday that he hoped the inquiry would provide a basis for settlement. The union claimed, however, that neither side had moved from its position.

Once the Post Office and the union have studied the recommendations, Lord McCarthy may then decide to produce a further report based on the two sides' reactions.

Industrial action taken by the union, which includes refusing to commission new exchanges and a national overtime ban, could cost the Post Office £13m on its mail mechanisation programmes alone, according to figures published by the Mail Users Association.

About 100,000 people are now on the waiting list for a telephone, most as a result of the engineers' action. More than £70m-worth of equipment now installed in telephone exchanges cannot be brought into service and some of it, totalling £5m, is urgently needed.

The Mail Users Association says that the amount of savings which will accrue to the Post Office over the next 20 years through its mail mechanisation programme will be down by more than £13m as a result of the union's action.

The association warns that, as the nine-month-old dispute continues, the mail mechanisation programme itself will become less and less cost effective. The reasons for this are that:

- Declining volumes of mail mean that the savings from mechanisation decline also.
- "Electronic mail" of various kinds will compete with ordinary mail soon, leading to further decline. "If the project is to succeed it will have to do so before such alternatives become economic since mechanising a mail service with declining volumes will tend to increase the difficulties of tapering mail costs down to traffic levels."
- In those offices where the decision to mechanise was marginal, the dispute may mean that they "slip into the sub-marginal category"—that is, they will not be cost effective. Other offices will drift down into the marginal category.
- The cost of meeting the union's claim would have the effect of raising maintenance costs which would also affect the marginal offices.

Railwaymen seek more jobs and 20-hour overtime limit

BY PAULINE CLARK AND CHRISTIAN TYLER

UNION LEADERS' efforts to make the shorter working week a top priority in the next wage round were highlighted yesterday by the National Union of Railwaymen.

Mr. Sid Weighell, general secretary told the union's delegate conference in Llandudno that excessive overtime on the railways must stop.

But if the union carried out the recent TUC recommendation to cut overtime to no more than 20 hours a month, that would seriously disrupt the service.

Tomorrow, the TUC economic committee will be asked to endorse a policy document setting out ways in which working time should be shortened without loss of pay, to force employers to hire unemployed workers.

The NUR says overtime on the railways can be as high as 53½ hours a month, while 10,000 vacancies are unfilled.

As well giving advice on overtime, the TUC is setting a target of a five-hour cut in the standard week of 40 hours, with a two-hour cut from this year. But Ministers hoping for an earnings rise of 7 per cent for Phase Four of their incomes policy, want any cut in hours to be absorbed by greater productivity.

Mr. Weighell claimed that staff shortages were often greatest in areas of high unemployment, suggesting that higher wages alone may not be the solution.

He believed the problem called as much for greater compensation—holidays or time off for shift workers on unsocial hours—to attract recruits into the railways.

"At the moment, we can't get them to come off the dole to come into the railways because of Saturday and Sunday work," he said.

British Rail could not fill the vacancies and trains were being cancelled daily because of the problem. "Excessive overtime has got to stop, but, if we worked 20 hours a month now, it could seriously disrupt the industry."

NUR branches in all stations, depots and British Rail hotels have been urged to seek immediate talks with their managements.

The TUC initiative in setting a target on the amount of overtime it believes appropriate may meet opposition from workers who rely on overtime to boost their incomes in periods of pay restraint.

The 20-hour figure is likely to come under serious consideration in coming weeks as unions look for some employment trade-off, given the Government's intention to set the Stage Four limits without agreement in a White Paper at the end of the month.

General secretaries of all the major unions have received specific guidance on overtime, in letters distributed by Mr. Len Murray, TUC General Secretary.

He urges union action in areas where the local unemployment rate is significantly above the national average, and where people without jobs might find more employment opportunities available if overtime were reduced.

The TUC general council recommendations is spelled out clearly. "Where there is an increase in demand and output, requiring more hours of work, priority should be given to recruiting extra labour and overtime working should not normally be increased."

Mr. Alun Rees, NUR president, opened the conference with a warning that single-figure wage rises could not be tolerated if there was double-figure inflation.

He called for "fair and flexible" treatment for workers in any further contract with the Government.

Glasgow journalists' claim rejected by ACAS team

BY OUR LABOUR STAFF

A CLAIM by the National Union of Journalists that journalists employed in Glasgow by the D. C. Thomson publishing concern should get the general level of pay and conditions of other journalists in the city, has been rejected by the central abritration committee of the Advisory, Conciliation and Arbitration Service.

The committee has rejected the union's case, it was disclosed yesterday, on the grounds that there is only one other comparable employer in Glasgow and that this does not constitute a "general level" as defined in the Employment Protection Act.

The verdict comes in an extract of the committee's final report which has been sent to both the NUJ and the company.

The decision follows a wrangle between the union and the Dundee-based company over the pay and conditions of NUJ journalists employed in Glasgow by D. C. Thomson's Weekly News and the Sunday Post, which according to the Guinness Book of Records, was the world's most successful newspaper.

At hearings earlier this year, the NUJ claimed that pay and conditions were below those of journalists employed in Glasgow by the Scottish Sunday Mail and the Scottish Sunday Express.

But the committee says the Scottish Sunday Express is not a valid comparison, because that paper is a "special local edition" of a national Sunday paper published in London and Manchester.

That leaves the Sunday Mail—and the committee says that this cannot constitute a "general level."

"Even if we were to include the Scottish Sunday Express, it would be very difficult in view of the numbers employed on the Sunday Post and the Weekly News to hold that a general level of terms and conditions of employment, independent of and excluding the Sunday Post/Weekly News, exists for journalists working on Sunday newspapers in Glasgow," it says.

'Disgusted'

Mr. John Hodeman, NUJ Scottish organiser, said he was "disgusted" by the committee findings.

"I accept that under the restrictions of the Act, the committee could have made no other finding but I think that the legislation itself is disgusting in that it imposes these unrealistic restrictions," he said. "The findings spotlight the impotence of ACAS and all its bodies."

Thomson's stated: "We have felt all along that we had an answer to every issue raised by the union at the hearing and indeed the committee acknowledged that the evidence was comprehensive. We did not and do not accept that our journalists in Glasgow are poorly paid."

Thousands will miss payments

THOUSANDS of people will miss dole and social security payments this week because of a strike by Civil Service clerical workers which started yesterday.

The week-long strike by members of the Civil and Public Services Association affects business at five unemployment benefit and Department of Health and Social Security offices, at Bristol; Widnes; Cumbernauld, Strathclyde; Burton-on-Trent; and Walton, Liverpool.

Ninety workers are said to be involved at Cumbernauld, which with Burton has closed because there is no staff to man it.

A spokesman for the Department of Employment said that some staff remained at the other offices, and could deal with existing claims, which are sent by post.

The action is in protest at a pilot scheme paying benefits fortnightly instead of weekly, which the staff say will cause redundancies.

Chrysler talks break down

SHOP STEWARDS will today advise 550 striking painters at Chrysler's car plant at Linwood, Scotland, not to restart work. The painters' dispute has halted production for almost two weeks.

All union-management talks about heat breaks for paint shop workers have broken down and no further talks have been arranged before the factory shuts on Thursday for its three-week annual holiday.

Liberals want sweeping reform of Official Secrets Act

BY RUPERT CORNWELL

THE LIBERALS yesterday joined in the clamour for sweeping reform of the Official Secrets Act by demanding a full-scale Right of Access Bill, enshrining the automatic right of every citizen to see personal files held about him by the Civil Service.

The Liberal proposals, in the form of a "Shadow White Paper," come just a few days before the Government reveals its own plans for reform after 10 months of procrastination—and nearly six years since the Franks Committee first called for a complete overhaul of existing legislation.

The effect of their blueprint which follows similar pressure from within the Labour Party and from an all-party group of MPs campaigning for secrets reform, seems certain to be an increase in disappointment at the modesty of the Government's own suggestions when they do emerge.

It is expected that Mr. Merlyn Rees, Home Secretary, will generally confine himself to proposing changes in the present Act's notorious Section 2 which contains the so-called "catch-all" provision making unauthorised disclosure of any offical information an offence.

However, the Liberals went much further yesterday, arguing that the right of access to information, except in a few highly sensitive categories, should be entrenched in law.

This, they say, would not only strengthen Parliament against the Executive but help to remove the growing alienation of the public from an excessively secretive Civil Service.

Right of access would apply to all Government Departments, local authorities, and to quasi-autonomous non-governmental organisation, generally known as "quangos."

Exempt would be military, foreign affairs and economic material, and information relating to an individual.

Everyone, say the Liberals, should have access to any file containing information about themselves. Complaints would be handled by a new Parliamentary Commissioner with far greater powers than the present Ombudsman to order the release of documents.

The Liberals dismiss criticism of their suggestion that they might be over-complex and, in fact, work out worse than the present secrets legislation.

At the heart of the problem, they claim, is political will. In any case, changes in the relationship between legislature and Executive would be part of the overall new constitutional settlement for which the party has long been pressing.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SAFETY

Jewel-like material to store atomic waste

SUCCESSFUL FABRICATION of full-scale *nuclear* waste containers by a process reported earlier this year in which immense pressures turn the material—alumina—from which they are made into an extremely hard and resistant "rock," has been reported by ASEA, whose high-pressure process is used.

The containers have been made in a new high-pressure technology plant built as a rush job at Robertsfors in Northern Sweden.

The next step will be to encapsulate a used atomic fuel element in this way and a nuclear fuel rod 0.5 metre long which has been irradiated at the Oskarshamn nuclear plant will be employed for the purpose.

Containers as produced are 5 metres long and have an outside diameter of 0.5 metre, weighing 1,600 kilos. They are fabricated from alumina powder at 1,350 degrees C and under a pressure of 1,000 bar by hot isostatic pressing, in a Quintus press.

A container of the size described has capacity for 500 fuel rods of the type used in water reactors. In the final stage of sealing the rods in the container, a separate alumina lid would be fitted to the container in the press to ensure a joint-free enclosure, since the pressure is high enough to fuse the two units together.

Interesting in this development is that the end-product in the container wall is closely similar to sapphire or corundum. In nature, the latter has a life of millions of years when in a water environment. The inference is that the ASEA container material should also be highly leach-resistant and experiments have been going on at ASEA and in Canada for a year to determine what its life could be.

A preliminary conclusion is that, in presence of the leaching effects of ground water, a container of the highly compressed alumina type 100 mm thick should last several hundred thousand years.

In the meantime, the French scientific journal Recherche, has brought to light a high degree of concern that the process of vitrification of radioactive wastes followed by long-term storage, proposed both by that country's Atomic *Energy* Commissariat and by the UK AEA, might not prove satisfactory.

It quotes the results of experiments involving the measurement of the action of distilled water on glass maintained at 100 degrees C as indicating that *leaching life of vitrified radio*active waste would not exceed a span beyond 100 to 1000 years. The conclusion is that a great deal more research is needed into this process before it can be adopted as final. In the meantime, however, it appears that the French are committed to vitrification for nuclear waste re-processing—a service which it is offering to a number of countries under contract.

Further information on the Quintus process from ASEA, Villiers, House, Strand, London, WC2N 5JX. 01-930 5411.

● MATERIALS

Growing better crystals

MANY OF the most interesting developments in modern electronics would not have been possible but for the skill of the materials scientists in producing single crystals of a variety of "difficult" materials from silicon to complex garnets and magnetic *metal/oxygen compounds.*

Because of this consideration, a great deal of work is being carried out on improving existing crystal growth methods and on one of these, the Czochralski method, the Hamburg laboratories of the Philips group has reported a notable advance.

Czochralski involves contacting the surface of an appropriate melt with a crystal of the desired material—the seed—and slowly pulling this up from the surface.

Hamburg research workers *have produced crystals of gado*linium gallium garnet with a diameter up to 65mm and a weight up to 2.5 kilos automatically. Heating is by a high frequency generator with a feedback from the crystal monitors to obtain extremely close control.

Improving on the flux growth method, in which the desired crystal is produced from a solution, the group has designed *equipment to make perfect* crystals of yttrium iron garnet, used in microwave components. It is based on the use of a spherical platinum crucible, rotatable about vertical and horizontal axes. This is filled with a solution of the garnet in a mixture of molten metal oxides and fluorides. A garnet crystal at the bottom of the crucible is cooled by an external "cold finger." The equipment allows for tight control of crystal growth: temperature profile *through the mix can be kept* close to optimum.

Philips, POB 523, Eindhoven, the Netherlands.

● MAINTENANCE

Scaffolding not needed

THE USE of all conventional scaffolding, portable stagings and *ladders at Lyons Tetley ware*house complex at Greenford, Mddx., has been made unnecessary by a mobile scissor work access platform, designed by Hy-Ryder. The platform will lift men and materials into a safe working position 35 feet from the ground.

Several methods have been used to gain access to the lighting, ducting and fire alarm systems which run near the 35-foot-high roof. These have now been replaced by the four-scissor section S-510 machine, and the platform, manoeuvrable by hand or designed to be towed at speeds of up to 25 mph, is now fully employed throughout the warehouse and adjoining factory. When not in use, the platform will compact down to a height of 1.7 metres for storage.

More from the company at Manlift House, Crabtree Manorway, Belvedere, Kent DA17 6AB.

● INSTRUMENTS

Quick check on speed

PUT ON the market by Unimatic Engineers is a hand-held digital tachometer, the Digitacho DT-103B, which has a measuring range up to 20,000 rpm and displays the reading on a four digit LED device.

Both rotational (RPM) and linear (metres/min) speed measurements may be made using the appropriate adaptor supplied, and the rotational readings are accurate to one revolution.

A continuous hold facility is provided in which the instrument measures the highest speed attained and holds it on the display indefinitely.

The unit is virtually maintenance-free and provides over 20 hours of continuous operation without change of batteries.

The company is at 122 Granville Road, Cricklewood, London NW22 2LN.

Records two channels

LATEST continuous chart recorder from B & K Laboratories, the 2309, is a self-contained battery operated unit for field or laboratory use and is designed to record the RMS values of AC signals in the 1.6 Hz to 20kHz range and DC signals.

Scales of recording can be linear or logarithmic and two dynamic ranges of 25 or 50 dB can be selected.

Each of the writing systems has four switch-selected writing speeds from 16 mm/sec to *250 mm/sec and they make use* of disposable fibre-tipped pens which are insensitive to attitude changes. The recording paper used is 50 mm wide.

Start and stop of the paper drive can be externally controlled and the recorder has a wide range of facilities for filter, generator and analyser synchronisation and external control and synchronisation of the paper movement.

More from the company at Cross Lances Road, Hounslow, Middlesex (01-570 7774).

● TRANSPORT

Stability is improved

MONOFRAME chassis, a new trailer *design concept, is now in* production. It incorporates a single hollow section beam which, together with independent suspension at each wheel station, gives the vehicle greatly improved stability.

Another advantage is increased internal body height, with consequent improved cubic capacity for TIR operators.

Monoframe group is an associate enterprise of Chris Hudson (International), TIR operators of *Romford. Within the group,* Monoframe (Engineering), which has developed the new vehicle, will make the trailer on a mass production basis.

The single hollow-section fabricated box beam of the Monoframe design runs centrally down the full length of the chassis. Attached to the beam, at four points, are fully independent wheel stations, each of a wishbone configuration, supported on pneumatic springs.

Modifications to the Rubery Owen-Rockwell axles enables the design to achieve the maximum track possible, obtaining maximum stability, and the floor is some 165 mm (6.5 in) nearer the road level than in a conventional trailer.

Height of the *Monoframe* chassis *floor remains* constant irrespective of the load imposed. Galvanised steel sheet, bonded to the underside of the multi-ply timber floor, prevents deterioration and gives overall strength sufficient to withstand loaded fork lifts.

The entire *chassis is virtually* maintenance-free. With normal wear and tear, the suspension pivots and pneumatic springs are expected to equal the trailer in working life. All wheel stations are identically built and are interchangeable: they require the minimum of skill to replace.

*Brake compensation is auto*matically imposed as the overall chassis load increases. Double-diaphragm-spring parking brakes are fitted, which precludes the usual unwieldy handbrake and wire attachments. Air and wiring circuits are almost completely enclosed, which not only protects them from the elements but makes them difficult to damage and reduces the chance of pilferage.

Monoframe (Marketing), Hudson House, North Street, Rom*ford, Essex. 0708 22422.*

● BUILDING

Cladding a paper mill

AN ORDER worth over £350,000 for steel foam sandwich roof and wall cladding has been obtained by H. H. Robertson (UK) of *Ellesmere Port.*

The material is to be used on a paper store and production building at Wiggins Teape, Ely Mill, Cardiff.

About 24,000 square metres of the company's Trimat profiled material will be used. The insulating qualities of this material are required to offset condensation caused by the humidity created in paper processing.

Work is expected to start in February next year. Consulting engineers are Roxburgh, Dinards and Partners.

H. H. Robertson has also been awarded a £112,000 contract through PD/NCB Consultants to supply and fix 3,000 square metres of its Galbestos and Versacor cladding sheets to the shaft winder tower at the Yorkshire Main Colliery near Doncaster.

● CONFERENCE

Problems of noise from machines

ALTHOUGH it is now generally recognised that machines, including machine tools, should not exceed noise levels over 83 dB (A) over an eight-hour working period, the implications of the fact that this noise level may be reduced to the much lower level of 80 dB in the near future have yet to be grasped by people who are responsible for tool rooms and machining centres.

Since the inception of the Health and Safety at Work Act, emphasis on this particular industrial hazard—noise—has increased considerably and is likely to increase much more.

Because of these considera*tions, the Machine Tool Industry* Research Association is proposing to hold a seminar on noise in industry on September 27, followed by a one-day course on technology to cut noise from machine-tools, etc on the next day.

*Seminar and course will com*plement each other but the contents of each will be independent.

The two events will take place at MTIRA, Hulley Road, Macclesfield, Cheshire SK10 2NE, Macclesfield 25421.

● PROCESSING

Fast cutting by laser

OFFERING SOME competition to Plascut, the only other company providing a publicised laser cutting service, is Vacuum Thermal Processes of St. Ives, which has just taken delivery of *a £30,000 500-watt carbon* dioxide laser from the Swiss based Laser Technique SA.

The laser has been built into a cutting and welding system which uses an X-Y co-ordinate table and later this year the company expects to add full numerical control so that fast production of irregular shapes will become possible—for example the cutting of perspex characters for shop front signs.

The machine can already produce high speed linear and circular cuts and welds with clean parallel sides in such material as fabric, plywood, quartz, paper, board and sheet metal, in small *or production quantities.*

In metal, cutting speeds vary from 3 metres/min for 1 mm stainless steel to 0.4 metre/min for 10 mm mild steel. Plywood 12 mm thick can be dealt with at 1 metre/min while for 6 mm perspex the figure is 2 metres/min.

More from the company at Edison Road, St. Ives, Huntingdon PE17 4LU (0408 63984).

Three-zone heat tester

A THERMAL shock chamber offering automatic product transfer within three temperature zones has been put on the market by Cee-Tel Thermal Equipment, Unit 6C, 16 Arndale Road, Littlehampton, Sussex (09064 23228).

The overall operating temperature range is —60 to +150 degree C and the recovery time is under two minutes following immersion of a test item within a particular zone.

Heating and cooling are provided by a suitable air-flow pattern in conjunction with fast responding heat exchangers within the conditioning areas. Cooling is by a purpose-designed mechanical refrigeration system in two cascaded stages to provide fast response.

The transfer mechanism is encased to give operator safety and the loading door is interlocked: there are safeguards against mechanical over-run.

Selection of the number of operating cycles is from the front panel and the system is fully automatic in terms of both temperature control and progression of a test item through the three zones. Working volumes from 1 cubic feet upwards are available.

● COMPONENTS

More small batteries

ANNOUNCEMENTS concerning both mercury button cells and lithium batteries have been made recently.

Varta, the German-based battery group, has decided to start making button cells in the UK, a production line having been installed at the company's Crewkerne premises in Somerset. First products will be cells for behind-the-ear hearing aids but capacity will be expanded later this year to embrace other products. The company is already a major supplier to the Department of Health and Social Security as well as to private makers of deaf aids.

Further from Varta (Great Britain), Hermitage Street, Crewkerne, Somerset TA 8EY (0460 73368).

C. A. Stanley Palmer is to make available *lithium batteries* made by Tadiran in Israel, with initial markets in the computer industry for the standby power requirements of CMOS memories. Main attributes of the cells is that they have a life on the printed board of several years and are lightweight. The company also believes they will be used increasingly as an alternative to the mercury cell.

Island Farm Avenue, West Molesey Trading Estate, Surrey KT8 0UR (01-979 7254).

● COMMUNICATION

Prospect of doubled capacity

CORNING GLASS WORKS has announced that some of the optical fibre it is making by its outside vapour phase oxidation process (OVPO) using doped deposited silica has exhibited a bandwidth in excess of 3 GHz/km.

The company claims that this is more than twice that recorded so far for optical waveguides. On the assumption that the fibre can be made on a consistent, *continuous* basis it seems likely that before long a product will become available with twice the information carrying capacity of the best existing materials.

In purely practical terms the figures imply, at 3 GHz, the ability to carry very nearly a *million telephone conversations* or perhaps 350 colour television channels.

The type of fibre tested has a germanium-borosilicate core with radially graded refractive index, and a borosilicate cladding.

Bandwidth measurements were carried out by injecting *short* light pulses into the waveguides and directly recording the output frequency response with a spectrum analyser.

More from the company at Corning, New York 14830 USA.

LOMBARD

A test of open Government

BY PETER RIDDELL

THE GOVERNMENT this week faces a revealing test of its alleged commitment to opening up the operations of Whitehall to outside view. An amendment has been tabled for consideration at the report stage of the Finance Bill requiring the Treasury to fulfil the spirit as well as the letter of earlier legislation aimed at making more information about official forecasts available to the public. The fate of the amendment effectively depends on the willingness of the major parties to take it up and ensure that it is called and debated.

The proposal is actually rather modest, though none the less important. The amendment would require the Government to publish fuller and more frequent short-term forecasts—three times a year rather than twice as at present—and also to include projections of unemployment. The Treasury would also have to make much more background detail available to outsiders using the official computerised model of the economy. The aim is to ensure that sufficient data are published to allow proper and full comparisons to be made between the forecasts published by the Treasury and projections made on alternative assumptions by outside economic consultants.

To outsiders

These suggestions are intended to complete the changes started in the 1975 Industry Act. This first required the Treasury to publish forecasts, including ones for inflation, twice a year rather than just annually, and to make its forecasting model available to outsiders. However, the outcome has not been what the proposers of the change had hoped, or expected; most of the iceberg is still under water.

The Treasury's forecasts are certainly more detailed and explicit than they were. The problem is that several important features are still missing, notably crucial underlying variables on, for example, interest rates and the exchange rate. The Financial Statement and Budget Report in April stated as an assumption that "average pay increases in the year beginning in August 1978 are about half the average for the current pay round," without saying what the rise in 1977-78 was likely to be. Similarly, "the exchange rate is taken as determined primarily by market forces. Labour cost competitiveness improves during 1978 to levels roughly equivalent to those of 1977." It is possible to infer, or guess, what this means, though it would be difficult to devise a more unhelpful phrase.

The other problem about the 1975 Act has been that while the Treasury has made available the basic relationships of its forecasting model it has not been possible to make full comparisons between various projections. This is because outside consultants have had to estimate a large number of basic variables which form the framework for the solution of the main model.

The proposed amendment would require the publication of all this input data and thus allow reasonable comparisons. The aim is not, however, to force the Treasury to reveal its private internal projections, which can reflect all types of contingencies. It can, of course, be argued that disclosure of an assumption of, for example, a falling exchange rate would become self-fulfilling.

But this danger could be reduced either by the publication of forecasts showing a range of possible outcomes—in practice the most realistic appraisal—of, as the amendment suggests, by adopting some specified automatic rule. Anyway, the existing forecasts include the largely formal and unrealistic assumption that pay will rise only by as much as the official limits, a view which no outsider shares.

The proposer of the amendment, as of the original changes in the 1975 Industry Act is Dr. Jeremy Bray, a Labour backbencher who is a known enthusiast for the greater use of mathematical and engineering techniques in managing the economy. Many economists would be sceptical about the usefulness of more and more refined projections based on uncertain evidence and relationships, as I indicated in this column last week.

Answering

The point at issue is not whether there should be more forecasts but whether those projections which are undertaken should be as publicly available as possible. One does not have to agree with Dr. Bray's general views to support him on this particular proposal. The Treasury gave all the appearance of dragging its feet in response to the original Industry Act amendment.

However, the report in April of the Committee on Policy Optimisation, inspired largely by Dr. Bray's pressure, said many of its witnesses referred to the perceived lack of openness of the Treasury to the outside world. The committee called for a more open presentation of research and policy analysis. By adopting Dr. Bray's amendment, the Treasury could go some of the way towards answering its critics.

A novel method of company reporting

FILM AND VIDEO

BY JOHN CHITTOCK

IBM'S MOVE to presenting the annual financial report to UK employees on videocassettes has met with overwhelming approval from the company's staff. Over 88 per cent of those asked in a survey said that they would not wish to see the results in any other way now. And some 69 per cent reckoned that, through the use of video, they understood the financial report better.

The statistics emerged at a CBI conference on "the role of audio-visual aids in employee communication" held in London last week. Despite the "audio-visual" title, nearly all speakers at the conference were preoccupied with video, which is rapidly becoming an essential subject in the education of today's manager.

Yet video is only one method of using moving pictures—and not always the cheapest or the most impressive. Mechanically it is more convenient for the presentation of programmes, which undoubtedly is an important reason for its popularity. Hence the existence of 93 playback machines in IBM's own UK network, serving 14,000 employees; the old 16mm film was never quite like that.

In employee communication, the various audio-visual media—if used intelligently—have clearly different roles. Video is fine for pictures of talking heads, but in some situations the talk without the head might be just as adequate—on audio-cassettes. The latter are cheap and easy to record and duplicate, although better suited to the small environment where only one or two people will listen—perhaps even while performing another task at the same time, such as driving a car.

Slides and film strips can add to a simple audio track the extra dimension of graphic illustration, which is excellent for those willing and keen to look at it in order to learn—but not so compelling as moving pictures on a big screen, which remain the best way of persuading an audience and illustrating the subtleties and atmosphere of a complex situation.

The last two weeks yielded a good example of this in the release of a new Post Office film, *A Time to Look Forward*. This film is about preparing for retirement (in the Post Office, but not so obviously as to make it unsuitable for use in other industries). The facts alone are simple enough to present, and have indeed been put over countless times in pamphlets, slide and film strip programmes and straight face-to-face counselling sessions. Yet I doubt if any medium other than a well-produced film—such as this one—could involve an employee so totally in the real significance of retirement. Only by seeing dramatised situations with which the viewer unconsciously associates does the whole truth finally sink in.

It is a good example of how film can still, in the right circumstances, do a better job. In this case it is partly because the disciplines of film happily survive, taking total control of the subject and presenting it lucidly and with credibility more readily than is usually the case with video. For all the competence of some of the IBM programmes seen at last week's conference—and one or two were very good indeed—like nearly all video productions they used simpler and more economic techniques than film.

Thus Mr. Stuart Garrett, the IBM speaker, showed one programme in which an audience of employees are seen at a presentation of the company results; and he revealed that employees, although liking the programme, did doubt its credibility. The genuinely unscripted questions from the audience in the videotape recording were thought by other IBM viewers to have been rehearsed or rigged.

My own diagnosis of this reaction goes to the persistent problem with video: it is emulating, or trying to emulate, broadcast television — but with incomparably smaller resources and often untalented hands. The extract of the IBM financial programme seen at last week's conference was deceptively good enough; but it lacked the camera angles, crisp lighting, fluent direction and confident atmosphere of television. Could it be that, unwittingly, IBM employees knew it wasn't television because it didn't quite make the grade? And if it wasn't real television, what else was it but a put up job?

Yet the straight-talking head of the company expert who cannot be in ten places all at once, or even in succession, is acceptable enough on video if there are no emotional factors involved but merely intellectual material. As Mr. Garrett sensibly pointed out, a video recording does allow a manager to make the best use of his own resources.

As fast as video is catching on, however, a new technology will soon be making a major impact on employee communications—viewdata. The UK Post Office's version of this, Prestel, effectively allows any telephone to turn a television set into a data display unit. Because Prestel is an interactive system—viewers can "talk" back to it via an alpha-numeric keypad—any company which equips its offices with suitably adapted television sets can, overnight, have a visual network for the two-way dissemination of data, and without the capital cost of land lines or complex apparatus.

More important still, Prestel's data comes via a central computer store operated by the Post Office. Business users will be able to put their own data into the computer, simply by use of the keypad, and retrieve it on to the television screen at any time in any location on the telephone network.

The normal Prestel services will also be available, of course, to any user of the system. These services are being put into the network commercially by a variety of "information providers" and are charged for automatically on the telephone bill of the user (at rates that will be determined by the suppliers).

Prestel is due to become available on marketing trials next year, and should offer a full service by 1980. With the explosion in video now taking place, it means that the television set must become standard equipment in every company office—alongside the typewriter, telephone and telex. It still may be fed by film (transferred on to videocassettes), even by audio-cassette (which can carry viewdata programmes, even still colour photographs). No doubt there will be new-style video games designed for management: even the telly equivalent of Newton's Cradle—the executive toy for stress-riddled managers. The dream of ex-RCA President, Robert Sarnoff, is a step nearer—when people will communicate, not commute, to work.

Hot Grove unlikely to have problems at Newmarket

RACING

BY DOMINIC WIGAN

ALTHOUGH FOOL'S MATE, Noble Quillo and Tresor D'or have all defected from the Princess of Wales's Stakes, this afternoon's Group 2 prize on the July course at Newmarket could be worth going a long way to see.

Hot Grove, the neck runner-up to The Minstrel in last year's Derby and a short head second to Crow in the Ormond before chasing home Vagaries in the Grand Prix d'Evry, will be trying to recapture winning form in the face of opposition from Pollerton, Palco and Royal Blend.

He should have few problems. Pollerton, a high-class hurdler, proved himself no more than an extremely good handicapper when failing by a couple of lengths to concede 31 lb to Oisin at Brighton towards the end of last month, while Palco and Royal Blend have also proved a shade disappointing when asked to tackle the best.

Royal Blend went under by a neck to Palco in the Aston Park stakes at Newbury in May, but that was his first outing for a long time after splitting a pastern and I shall not be surprised to see him turn the tables and provide the forecast with the Blewbury four-year-old.

Several well thought of fillies, with such races as the Lowther and Cheveley Park Stakes in mind, contest the Cherry Hinton Stakes and it will be interesting to see if this juveniles' event over the last six furlongs of the Bunbury mile can throw up a possible classic prospect.

My idea of the winner is the twice-raced Town Lady. This attractive half-sister by Town Crier to Understudy and winners in both France and Italy showed a good deal of promise when beating dead-heaters Eyelet and Romara at Goodwood on her debut in May and then proved something of a disappointment in Beverley's Hilary Needler Trophy, won by Devon Ditty.

In the belief that Town Lady did not produce her true running there and can be given one more chance, I again side with her while going for a saver on another recent disappointment, the Nijinsky filly Mixed Applause.

In the two remaining juvenile races on this fine jackpot programme, the Chesterfield and Plantation Stakes, racegoers can expect to see Lester Piggott closely involved at the business end of the proceedings.

Barbablu, his mount in the Chesterfield, could outpace the likely favourite, Son of Shaka.

I doubt if his mount in the Plantation Maiden Stakes, Sunbad will get to terms with Troy, a half-brother to Admetus, among others.

In a wide open Ward Hill-sponsored Bunbury Cup, Fighting Lady is given a tentative vote over Greenhill God, another course winner.

NEWMARKET

2.00—Marcoing
2.30—Town Lady***
3.00—Fighting Lady
3.35—Hot Grove
4.10—Barbablu*
4.40—Brazen Faced
5.10—Troy**

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office.

OPERA & BALLET

COLISEUM. Credit cards 01-240 5258. Reservations 01-836 3161. Until Sat. NUREYEV FESTIVAL with DUTCH NATIONAL BALLET [illegible]

THEATRES

KING'S ROAD THEATRE. 352 7488. Mon. to Thur. 9.0. Fri., Sat. 7.30, 9.30. THE ROCKY HORROR SHOW DON'T DREAM IT, SEE IT!

LONDON PALLADIUM. CC 01-437 7373. NOW UNTIL AUGUST 19. Mon., Tues., Thurs. and Fri. at 8. [illegible]

THEATRES

WESTMINSTER. 01-834 0283. SENTENCED TO LIFE. "MUGGERIDGE'S trenchant humour, THORNHILL'S dramatic art." D. Tel. "Intensely human caring drama." Y. Post. "Tremendous impact." NoW. "I was sharply moved." J. C. Trewin. Evgs. 7.45. Mats. Wed. 3.00, Sats. 4.30. [illegible]

[illegible]

CINEMAS

[illegible]

ART GALLERIES

[illegible]

BOND DRAWING

CHILEAN EXTERNAL LONG TERM DEBT—LAW NO. 5580

[illegible]

TV/Radio

† Indicates programmes in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency). 1.30 pm Bod and the Dog. 1.45 News. 3.50 Tybed. 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 We are the Champions 1978. 5.10 Wildtrack. 5.35 The Wombles.
5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.55 Hobby Horse
7.20 The Rockford Files
8.10 Who Pays the Ferryman?
9.00 News
9.25 Chasing Daydreams: From manual work to University
10.15 Cabaret Showtime
11.00 Where There's a Hill There's a Horse
11.30 Play Golf
11.55 Weather, Regional News

All Regions as BBC-1 except at the following times:—

Wales—5.55-6.20 pm Wales Today. 6.55-7.20 Heddiw. 11.55 News and Weather for Wales.

Scotland—10.00 am Paddington. 10.05 Jackanory. 10.20 Help! It's the Hair Bear Bunch. 10.40-11.00 The Islanders. 5.55-6.20 Reporting Scotland. 11.55 News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.55 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University
11.00 Play School
4.55 Open University
7.00 News on 2 Headlines
7.05 The 60 70 80 Show with Alfred Morris, MP, and Jack Jones, retired General Secretary of the TGWU
7.30 News on 2
7.40 Schools Prom
8.10 Eight Pairs of Eyes
8.55 Magoo on 2
9.00 Sing Country
9.40 Our Mutual Friend
10.35 Duncan Grant at Charleston
11.10 Late News on 2
11.20 Closedown (reading)

LONDON

9.30 am A Present from the Past. 9.55 Plain Sailing. 10.20 The Undersea Adventures of Captain Nemo. 10.25 "Hondo and the Apaches" starring Michael Rennie and Robert Taylor. 11.45 Cartoon Time. 12.00 Issi Noho. 12.10 pm Stepping Stones. 12.30 Parents Day. 1.00 News plus FT index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Racing from Newmarket. 4.00 Cartoon Time. 4.20 Breakers. 4.45 Extraordinary. 5.15 The Brady Bunch.
5.45 News
6.00 Thames at 6
6.35 Crossroads
7.00 Survival
7.30 The Streets of San Francisco
8.30 Life Begins at Forty
9.00 Will Shakespeare
10.00 News
10.30 Palestine
12.00 The Andy Williams Show
12.25 am Close: One of Shakespeare's sonnets read by Sir John Gielgud

All IBA Regions as London except at the following times:—

ANGLIA

10.20 am Feature Film: "Press for Time" starring Norman Wisdom. 1.25 pm Anglia News. 2.00 Houseparty. 5.15 Horses in our Blood. 6.00 About Anglia. 7.30 Charlie's Angels. 12.00 Witness to Yesterday. 12.30 am Our Concern.

ATV

10.20 am Morning Cinema: "No Highway in the Sky," starring James Stewart. 11.55 The Adventures of Parsley. 1.20 pm ATV Newsdesk. 5.15 Laverne and Shirley. 6.00 ATV Today. 7.30 Charlie's Angels. 12.00 Something Different.

BORDER

10.20 am Morning Film: "Mr. Bug Goes To Town" cartoon. 11.35 Untamed Frontier †1.20 p.m. Border News. 2.00 Houseparty. 5.15 The Great Yorkshire Show. 6.00 Lookaround Tuesday. 7.30 Charlie's Angels. †12.00 News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 5.15 pm Those Wonderful TV Times. 6.00 Report at Six. 7.30 Rafferty. 10.28 Channel Late News. 12.00 What About the Workers. 12.25 am Visages de France.

GRAMPIAN

9.25 am First Thing. 10.20 Cash and Company. 11.05 A Diary of Civilisations. 1.20 pm Grampian News Headlines. 5.15 Those Wonderful TV Times. 6.00 Grampian Today. 6.10 The Electric Theatre Show. 7.30 Charlie's Angels. 12.00 Reflections. 12.05 am Grampian Late Night Headlines.

GRANADA

10.20 am Tuesday Matinee: "Blue Murder at St. Trinian's" starring Terry-Thomas and Alastair Sim. 11.45 Song Book. 1.20 pm This is Your Right. 4.00 The Beatles. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Branded. 7.30 Charlie's Angels. 12.00 What About the Workers. 12.30 am A Little Night Music.

HTV

10.20 am Cash and Company. 11.15 Wild, Wild World of Animals. 11.45 Flower Stories. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 The Quiet Ways of Wales. 7.00 The Challenge of the Sexes. 7.30 Charlie's Angels.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.30-4.45 Seren Wib. 6.00-6.15 Y Dydd. 10.30 Byd. 11.15 World in Action. 11.45-12.30 am Celebrity Squares.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.20 am Morning Mystery Movie: McMillan and Wife. 1.25 pm News and Road Report. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Oh, No It's Selwyn Froggitt. 7.30 Hello, Good Evening, Welcome. 8.00 The Cuckoo Waltz. 12.00 Late Call.

SOUTHERN

10.20 am "Only When I Larf," starring Richard Attenborough and David Hemmings. 1.20 pm Southern News. 2.00 Houseparty. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day by Day, including Southsport. 6.30 Survival. 7.00 Father, Dear Father. 7.30 Charlie's Angels. 12.00 Southern News Extra.

TYNE TEES

9.25 am The Good Word, followed by North East News Headlines †10.20 Morning Movie: "Anna Karenina" starring Vivien Leigh. 1.20 pm North East News and Lookaround. 5.15 Tell Me Why. 6.00 Northern Life. 7.30 Charlie's Angels. 12.00 Epilogue.

ULSTER

10.20 am Morning Movie: "Man in the Middle," starring Robert Mitchum, Trevor Howard, and Sam Wanamaker. 1.20 pm Lunchtime. 4.18 Ulster News Headlines. 5.15 Friends of Man. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 6.45 Taking Shape. 7.30 Charlie's Angels. 12.00 Old House, New Home. 12.25 am Bedtime.

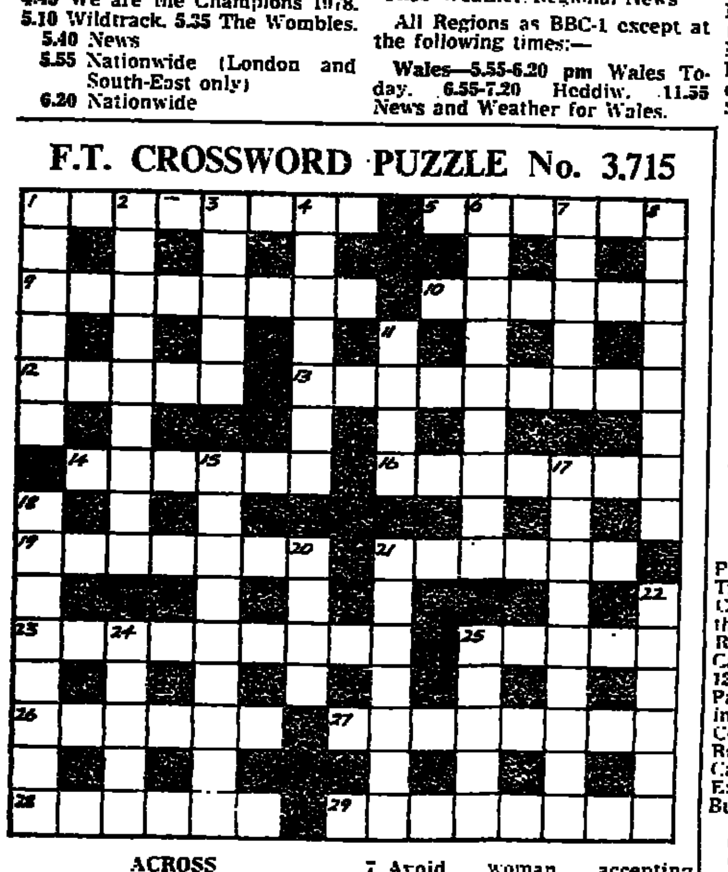
WESTWARD

10.20 am Feature Film: "The Wrong Box," starring John Mills. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Those Wonderful TV Times. 6.00 Westward Diary. 7.30 Rafferty. 10.28 Westward Late News. 12.00 What About the Workers. 12.25 am Faith for Life.

YORKSHIRE

10.20 am Power Without Glory. 10.10 Choirs of the World. 11.35 Friends of Man. 1.20 pm Calendar News. 5.15 The Great Yorkshire Show. 6.00 Calendar (Emley Moor and Belmont editions). 7.30 Charlie's Angels.

F.T. CROSSWORD PUZZLE No. 3,715



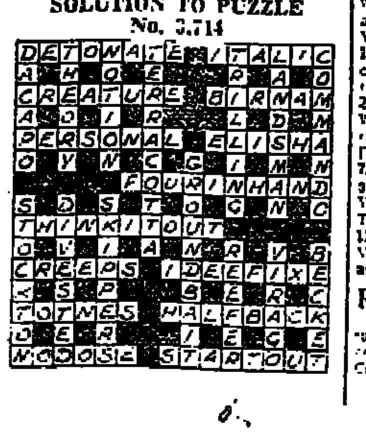
ACROSS

1 Heavenly Oriental article with genuine finish (8)
5 Going up with a bouquet (6)
9 Being with a learner could be private (8)
10 Elaborate military unit (6)
12 Fish around in wet weather (5)
13 Big-shots are sick in the tube (9)
14 Charm mothers to bed (6)
16 Land with it in mind (7)
19 Start of the motive for treachery (7)
21 Tapestry that sounds merciless (6)
23 Flower given in motor race (9)
25 Rested in luxurious fabric (5)
26 Visible as an aim or prospect (2, 4)
27 Encompass the area that's not carpeted (8)
28 Has log converted into footwear (6)
29 Ordered from the tailor it could be said (8)

DOWN

1 Send abroad without wine (6)
2 Reclusive spot for Frenchman within his inheritance (9)
3 Bird on your head? No, just a beginner! (5)
4 Gardener with a hook could be unyielding (7)
6 She will shortly burn what comes from 13 (5-4)
7 Avoid woman accepting notice (5)
8 Drawing everything inside and agreeing (8)
11 Wound living mammals coming up (4)
15 Throw a mesh over Spanish capital for Spanish instruments (9)
17 Dumbfounded as we change vehicle (3-6)
18 Holding supplies of hose (8)
20 Fasten nothing around article (4)
21 Cure about three-quarters and reprove (7)
22 A single row on television (6)
24 Make merry in threadbare velvet (5)
25 The way to tear clothes off? (5)

SOLUTION TO PUZZLE No. 3,714



RADIO 1 247m

(S) Stereophonic broadcast
‡ Medium Wave
(VHF Very High Frequency)

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett, including 12.30 pm Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen, including 5.30 Newsbeat. 7.30 Sports Desk (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2, including 1.55 pm Good Listening. 10.00 With Radio 1. 12.00-2.02 With Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Richard Vaughan with The Early Show (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Allan (S) including Racing from Newmarket and 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Folk 78 (S). 7.30 Sports Desk. 7.33 On the Third Beat (S). 8.02 Gilbert and Sullivan at Large (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Three in a Row. 10.30 The Steptoe Saga. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer, Gounod (S). 9.55 Plainsong and the Rise of European Music (S). 10.55 Hindemith's First Two Quartets (S). 12.05 pm In Short (talk). 12.15 Midday Concert, part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.25 Midday Concert, part 2 (S). 2.15 Schubert from Bristol (S). 3.15 Symphonies from the North (S). 4.15 James Gibb, piano recital (S). 5.15 Jazz Today (S). †5.45 Homeward Bound. †6.05 News. †6.10 Homeward Bound (continued). †6.30 Lifelines: Work and Training. 7.30 The Art of . . . Alexander Kipnis on records. 8.00 John McCabe as Composer and Soloist, concert, part 1 (S). 8.55 Splitville (talk by Anthony King). 9.15 Concert, part 2: Dvorak (S). 10.00 Spoon River, sequence for radio (S). 11.00 Schumann's Feminine Character Studies (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song on record (1978).

Radio 3 VHF only—6.00-7.00 am and 5.45-7.30 pm Open University.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today, including 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Sing a Song of . . . Soldiers (S). 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre (S). 11.35 Origins. 12.00 News. 12.02 pm You and Yours. 12.30 Desert Island Discs. 12.55 Weather; programme news. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour, including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.10 Questions to The Prime Minister "live" from the House of Commons. 3.35 A la carte. 4.00 News. 4.05 Gardeners' Question Time visits Norfolk. 4.35 Story Time. 5.00 PM Reports. 5.50 Serendipity. 5.55 Weather; programme news. 6.00 News. 6.30 Many a Slip. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 The Real World of Inspector Smith," play by Paul Ferris. 8.30 Adrift at the Prince (S). 9.30 Today in Synod. 9.35 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The News Quiz (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time from the House of Commons. 1.05-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

5.00 am Morning Music. 6.00 AM: Non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline with Keith Chalkley. 1.00 am Night Extra with Adrian King.

Capital Radio

194m and 95.8 VHF

6.00 am Peter Young's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Mike Smith's Night Flight (S).

The Management Page

EDITED BY CHRISTOPHER LORENZ

A group of venture capitalists recently found that its conditions of business were almost identical. Here, for the first time, they reveal to **Jason Crisp** the points embraced in their standard agreement.

Nothing ventured, nothing gained

Standard Agreement

WARRANTIES TO COVER:
- Tax
- Accounts
- Trademarks
- Patents
- Capital Commitments
- Legal actions
- Service contracts
- Price Commission

and any other "material" factor bearing upon initial evaluation.

PRIME REQUIREMENTS AT SIGNING:
- Director on Board
- Fees for director
- Any charges/fees due to backer
- Insurance Policies
- Auditors (and changes therein)
- Shares available for executives
- Accountants' report.

CURRENT ISSUES:
- Dividends
- Borrowings (current and future)—and control
- Capital expenditure control
- Salary control
- Appointment of new directors/senior executives
- Diversification control
- Divestment control

LONGER-TERM ISSUES:
- Control of new shares
- Sale of shares (pre-emption etc.)
- Disaster clause—and right to take control
- Rights and obligations on receipt of bona-fide bid.

SERVICE CONTRACTS:
- Usual terms, notice period, salary, pension, profit share etc.

DEBENTURE/LOAN AGREEMENTS:
- Usual terms covering security, interest etc.

BRITAIN'S FAR from plentiful band of venture capitalists has somewhat mixed feelings about the recent upsurge in interest in the lot of the small firm. This has of course brought government action which helps many of the companies in which they have investments; and it has also shone the spotlight on the venture capitalists themselves.

But the spotlight has not necessarily brought with it thunderous applause; instead many small companies have taken the opportunity to throw a fair number of brickbats at *providers of capital in general* and venture capitalists in particular.

Small firms are fond of propounding the theory that they can only borrow if they don't need to and that conditions are too steep and restrictive. As Hugh Armstrong, managing director of Small Business Capital Fund, puts it: "By and large venture capitalists represent a portion of the financial community which is, at best, viewed with suspicion."

Not surprisingly, the venture capitalists are more than anxious to polish up their reputation. Although there is no formal organisation representing those bodies which provide venture capital there is an informal group—of which the spokesman is the ubiquitous Hugh Armstrong. It developed from what six or seven years ago was a large semi-social gathering of up to 11 venture and development bankers and which Armstrong admits was "a bit of a jamboree."

The "venture" capital group has been reborn in a much smaller size in order to be more manageable and practical. In this fairly loose and informal setting are: Charterhouse Development Capital; Technical Development Capital (part of ICFC); Midland Montagu Industrial Finance, National Research and Development Corporation; National and Commercial Development Capital; County Bank (part of Natwest); Hill Samuel, Arbuthnot Latham; Hambros; and of course SBCF.

It is somewhat misleading for this group to call itself venture capitalists as really only TDC could rightly be known as one in the true sense of the word. Nevertheless, it is a defined group of development capitalists specialising in small firms. The group's aims are several and include "getting to know each other," giving evidence to such inquiries as Harold Lever's into small firms, Sir Harold Wilson's into the City institutions, and for joint promotion.

Armstrong claims that it has helped raise the awareness of the civil service to the problems facing small firms and he is anxious to stress that it is not just a lobby group. "We put up reasoned arguments to give a bit more of an outside view on some of the problems we could see."

Because of their rather low rating in the public eye, this group of finance companies decided to disclose its terms of business. This was the suggestion of one of the members and subsequently each one drew up its individual terms. To their surprise, they found they were all very consistent.

According to Hugh Armstrong, there is a total lack of realism on the part of many small companies seeking finance. Most will only have had contact with the manager of a High Street bank and have borrowed *up to around £20,000 on a* permanent overdraft.

When they are faced with a banker who demands higher interest rates, a seat on the Board, service contracts, pre-emption rights, and dividends, they are astounded. "Suddenly they are in the wider world and they cannot understand why we're not like High Street bankers," says Armstrong.

Understanding

And Norman Leyland, managing director of NCDC, another in the group, says: "There is an information gap: we need to have a greater degree of understanding. There is a total lack of realism on the part of many companies."

In an attempt to bridge that information gap, the "venture" capitalists explain what needs to be agreed with potential borrowers and what their reasons and rationale are.

One of the first questions which companies ask their potential backers is: "Why do you want a shareholding?" Armstrong's straightforward answer is: "It's the only way we can make any money. Our risk is higher than any banking interest will ever cover. If we charged a rate of interest which covered both our costs *and loss rate it would* be between 25 and 30 per cent."

Armstrong adds that experience in the U.S. has shown that of ten similar "risk" investments, two will go bust, six will take ten years instead of the expected five to become profitable and two might hit the high spots. "And these ten have already been selected from many hopefuls," he adds.

Perhaps one of the greatest areas of resistance which comes from potential borrowers is over the insistence of the bank in appointing a director to the board. This can often, in the first place, be bitterly resented by the owner of the company who may be more than a little *proprietorial. Armstrong says* that he is there both to "oversee" the investment and to proffer advice. Although he likes to play down the watchdog role it is obviously a very real one. Instead, he emphasises how the non-executive director can be a confidant—"a shoulder to cry on"—for the entrepreneur who often has no one else with whom to talk over his problems.

Technical Development Capital · Hill Samuel Group Limited · Arbuthnot Latham Holdings Limited · The Charterhouse Group Limited · National Research Development Corporation · County Bank Limited · Hambros Bank Limited · Midland Montagu · National and Commercial Development Capital · Small Business Capital Fund Limited

He continues: "We're businessmen too; we can often provide helpful advice and possibly introduce companies to trade with each other." The group boasts that it includes no real bankers; most of them come from industry and the nearest is a merchant banker.

As for fees for the non-executive director, Armstrong says it is traditional and if it were not paid that way it would *be included in the banking* charge. "It is exactly the same fee as a company would pay any non-executive director."

Another area of possible contention—the bank's insistence on service contracts for the directors of the company—is again a precautionary step. Quite simply it is to ensure that directors cannot cream off the company's profits and deprive the bank of its dividend or alternatively, if business is not going well it will prevent them from leaving to set up in competition.

The matter of dividends may also be a cause for problems usually because the owner will be liable to high rates of personal taxation.

Backing people

On pre-emption rights Armstrong says: "We're backing people and we don't want them pushing off and, secondly, if a time comes to sell the company it is obviously important that the bank gets the same offer for its shares."

That this group of venture capitalists has decided to publicise its terms of business is interesting. While it is nevertheless something of a public relations exercise, it does throw some light on the grey area between small companies and the providers of finance.

For the most part the difficulties outlined by the group lie in the ways in which they attempt to safeguard their investment. Unlike providers of loan capital their investment cannot be secured against any of the assets and once committed to a company they are as wedded to its success as are *its own entrepreneurs.* In the event of a failure the loss is total.

Although this declaration of terms of business by the suppliers of finance to small companies may clear some of the air in negotiations, it will do little to ease the complaint of those firms who seem unable to find finance at any price, or are unable to finance the setting up of a new company.

The typical manager: not part of an elite

MANAGERS IN Britain are not an elite, an accusation often levelled at them. Nonetheless, it is clear that a public school education is still a major advantage *in business as it is more* likely both to lead to Oxbridge, and/or straight into a management job.

This is the picture that emerges from a survey just published by the British Institute of Management, called Profile of the British Manager. It shows that while the largest proportion *of managers covered* by the survey attended grammar schools, 23 per cent went to a public or other independent school. At the same time, more than half the managers concerned started full-time working by the age of 17—which again tends to dispel the idea that they are in any way a breed apart.

Describing the "average" manager, the survey says he is aged between 46 and 55, obtained the equivalent of two or more Ordinary and Advanced level GCE qualifications, went on to do some form of further *education and, at the time of* the survey (carried out in 1976) was earning between £5,000 and £10,000.

The survey embraced 10,000 managers within the BIM membership, ranging from chairmen to junior management. It is claimed to be "very hard" to generalise about managers. "They come from quite a wide variety of educational backgrounds and career progressions; changes in both the educational and social environment during the last four decades have meant that older and senior managers are *in many respects distinctly* different from younger managers at lower levels. Hence it may be extremely unwise, in many situations, to refer to "managers" as a homogenous group.

"In many cases, respondents may consider themselves first as an engineer, accountant or scientist and only second as a manager. Clearly, there will be many situations in which a manager with an engineering background will have more in common with a fellow engineer than with a fellow manager in a different industry."

It is clear that academic qualifications, rather than social background, are becoming more important and in particular, specialist technical, scientific or management qualifications. A significant feature of managers' qualifications is their relatively technical or specialist background. Thus, contrary to a common belief that there is a general lack of technical expertise in industry, the number of people starting work in a technical post has steadily risen.

Just over two-thirds of managers surveyed claimed to have professional qualifications other than degrees and postgraduate diplomas. Sixty-seven per cent had qualifications in business/management; 30 per cent in engineering and 15 per cent in accountancy.

An analysis of educational *qualifications by age highlights* the increasing tendency towards specialist education since the proportion of 25 to 35-year-olds who have specifically studied business or management is quadruple that of the 65-year-olds (it is interesting to note that in the older age group there was a greater concentration among the self-employed and that this category tended to be less formally qualified than those not self-employed). Comparing the same age groups, the proportion studying science and mathematics has doubled, while engineering has also shown a slight increase in popularity. Social sciences and arts do not show a similar rise and economics and, to a lesser extent, accountancy and law seem to have become less popular.

The BIM is less pessimistic than a recent Government discussion paper over the apparent failure of the educational system to channel sufficient well-qualified technical graduates into industry. For example, where the University Grants Committee figures show only one in 20 managers in manufacturing industry with a degree or equivalent in engineering in 1971, the BIM survey shows that in private sector manufacturing more than one in four managers holds a degree or professional qualification in engineering, while the equivalent figure for nationalised industry is nearer two out of three.

Of those who went to public school, 30 per cent went straight into a managerial position (such a progression occurred in no other educational system) and a higher proportion of ex-public school and independent pupils went into general management, most notably in the areas of sales and marketing. Secondary modern schools produced the most production directors.

Those who had reached managerial status after having had an elementary education (and this covers the older age group in general) proved to have stayed in their jobs longer than, say those with postgraduate qualifications. Then again those with a professional qualification also showed longstanding loyalty with 20 years or more with the same company.

An interesting feature was that it is mainly in industry that managers remain for long periods with the same firm and that this is particularly so with nationalised industry (65 per cent had over 20 years' service), compared with 30 per cent in the private sector. A further breakdown showed that a high proportion of long-term managers was to be found in general management, production, purchasing and distribution.

There was quite a lot of movement of jobs, with the majority having changed functions two or three times during the course of their careers. In fact, the pattern seems to accelerate among the younger managers since one-third of those under 36 had changed functions three or more times.

It also emerged that people were more likely to change function if their first managerial job was in production and distribution or sales, administration and technical management. It was less likely if they were in personnel, finance, management services and general management.

Profile of the British Manager, available from BIM, Management House, Parker Street, London, WC2. Price £15 to BIM individual and company members, £30 to others.

Nicholas Leslie

A major step on the flight path to world airline reform

By MICHAEL DONNE, Aerospace Correspondent

THE AGREEMENTS reached among the world's major airlines in Montreal recently may eventually revolutionise their methods of fixing passenger fares and cargo rates, and give them greater freedom to compete in such things as cabin service, but it is only the first step in what could be a long and difficult attempt to adapt to the changing conditions of the world market. A new crop of cut price fares is therefore unlikely at least this year.

The Montreal meeting was called by the 106-member International Air Transport Association to try to find ways of bringing the association up to date, to meet the increasing competition from cheap fares being encouraged by Governments, including those of the U.S. and UK, and to relax many of the rules of the association — for example those dealing with standards of cabin service — that in the minds of many members had become out of date.

But while the proposals for reform put forward by the specially-established task force of "five wise men" were agreed in principle on a show of hands by some two-thirds of the delegates attending, including many of the biggest airlines in the world from the U.S. and western Europe, many medium and smaller airlines abstained from voting.

Airlines from the Middle East especially appeared to be bitter. Their views were expressed by Mr. Selim Salaam, of Middle East Airlines, who declared that the majority had "gone overboard trying to spread the lawlessness of the North Atlantic to other areas where rates are stable, and financial returns also."

Preliminary figures indicate that of 106 member-airlines of the association, 84 attended the Montreal meeting. Of these, a few were of "observer" status, but of those entitled to express views, about 60 on the show of hands accepted the broad proposals put forward by the executive committee. This is construed as roughly a two-thirds majority of those attending, but it could be argued that enough airlines abstained from voting, or did not attend the meeting, to prove that there is a strong dissentient element. On the other hand, it is also argued that those that approved the changes included virtually every major airline in the western world, accounting between them for the majority of all world scheduled air transport.

Whatever the arguments about how many did or did not attend or vote, the fact remains that the IATA executive committee believes it now has a mandate to press ahead with the reforms agreed in principle. But many of the smaller airlines believe strongly that their bigger counterparts on the North Atlantic have been panicked by governments into pressing for cheaper fares—and IATA reforms — at any cost, without adequate consideration being given to the needs and aspirations of smaller airlines elsewhere.

Whether this is true or not will emerge much more clearly in the long, and almost certainly painful, period of detailed negotiation which now has to take place. The Montreal meeting took decisions of broad principle: these have now to be hammered into shape in a series of smaller meetings, so that by the end of the summer some final proposals can be put to Governments for approval. It is probable that the sweeping changes given majority approval at Montreal will be considerably modified when it comes to these more detailed working sessions.

Undoubtedly some of the major Governments—such as the U.S.—which have been showing increasing hostility to the IATA in recent months, even to the point of suggesting that their airlines might be required to quit the association—will probably welcome any changes that offer the possibility of increased competition. But others, especially those in the Third World, may equally well oppose any such changes. In such circumstances, the IATA might find itself split, with one set of rules for the bigger airlines in one part of the world, such as western Europe and the North Atlantic, and another for the airlines in the Third World. Mr. Ross Stainton, deputy chairman and chief executive of British Airways, has argued that unless there are some major changes in the IATA, and especially to fares-fixing, the association is doomed to go "the road of the dinosaur." The Montreal voting appears to indicate that a large number of other airlines throughout the world do not agree.

Basically, the programme of reforms given majority-approval at Montreal will create two new levels of membership of the association. One level will be mandatory, dealing with all of the many legal, financial, technical and safety matters that in fact account for up to 80 per cent of the work of the association. Any airline joining the association, or remaining in it, will be obliged to participate fully in these affairs, for they are crucial to the smooth functioning of the world scheduled air transport system. They include, for example, such things as standardisation of ticketing and baggage handling and other "passenger processing" procedures, the handling of cargo, air traffic control techniques and other safety matters, and probably one of the most significant, the operation of the big "clearing house" through which virtually all inter-airline financial transactions are processed, amounting to many billions of dollars worth of business a year.

> 'Agreements reached at IATA's recent Montreal conference could revolutionise methods of fixing airline passenger fares and cargo rates, but the proposals are unlikely to be implemented before 1979.'

By funnelling all their interline receipts through the clearing house, airlines avoid the need to keep billing each other for the costs of those passengers who switch airlines in the course of a journey. There are millions of them every year. In all the talk in recent months about the possible "collapse" of the IATA if it did not reform itself quickly, these hidden activities have been largely ignored. The fact remains that if IATA did collapse, the entire world air transport system would be in such a mess that Governments would swiftly have to invest a rather similar organisation to take over these financial and technical functions of the association.

It is on the "publicly visible" activities of the association that most of the wrath—and most of the demand for change—has been concentrated—in other words that 20 per cent or so of its activities devoted to fixing passenger fares and cargo rates, and establishing standards of passenger comfort and cabin service. It is here that the bulk of the changes now proposed are concentrated, and particularly the plan for a second class of membership.

The aim here is that while all the member-airlines must participate in the basic technical aspects of the association, they may choose whether or not to belong to what are called "traffic conferences"—the name given to the fares conferences covering various geographical areas through which fares and rates are fixed. Hitherto, the rules have required that all the members in a given "traffic conference" area should participate in such meetings, with each airline having one vote. This has made the meetings unwieldy, long, basically unsatisfactory and often unproductive. For hitherto, even a small airline with no direct interest in a specific route has been able to veto the conference decisions on fares for that route, at least until it got its own way on other things, and a compromise measure emerged.

The aim now is to try to prevent such blocking tactics. It is intended that only those airlines with a direct interest in a route should be a party to fares proposals for that route, and that in any event, individual airlines will get the right to introduce new, "innovative"—that is, cheap—new fares to and from their own countries without having to go through the previous cumbersome "traffic conference" procedure: if U.S. and British airlines feel they can beneficially introduce special cheap rates between their own countries, they will be able to do so without having to run the gauntlet of a full IATA traffic conference which might either quash the plan or modify it substantially.

In effect, this is only giving recognition to what has become a de facto situation, especially on the North Atlantic, where previous IATA fares plans have been vetoed, especially by the U.S. Government, and direct inter-governmental fares policies have been negotiated and introduced instead. But it should, if adopted, mean that the airlines in future can conduct their own bilateral fares negotiations, rather than let governments do it for them.

Competition

The airlines also hope that some of the past difficulties created by Governments blocking their fares plans at the last minute will be avoided in future, as a result of a decision to enable Governments (or their agencies, such as the Civil Aviation Authority in the UK and the Civil Aeronautics Board in the U.S.) to attend traffic conferences and put their views directly to the delegates. In the past, they have only been able to attend as observers, with no powers of intervention, and in some cases not at all. The result is that Governments have accused the airlines of working out fares plans in secret, and some Governments, again notably of the U.S., have felt obliged to veto them.

Apart from the possibility of cheap fares, the Montreal meeting opened the possibility of competition in other directions, and especially in the quality of service to passengers aboard flights. Hitherto, the rigid IATA rules have laid down the precise quality and quantity of the meals that could be served to economy class passengers on scheduled member-airlines' flights, together with the scales of charges for drinks and in-flight entertainment, while also fixing the overall level of comfort by determining the "seat pitch"—distance between the top of one seat and the seat behind it.

This has meant that on most major air routes, the airlines have been flying the same equipment, charging the same fares, offering the same quality and quantity of meals, and charging the same prices for in-flight entertainment and drinks. The result has been only a limited area of competition—the quality of the courtesy the airlines have extended (or otherwise) to their passengers. Now, it is hoped that the airlines will be able to compete on a much more effective basis, so that the passengers will be able to shop around for the airline on a given route offering the best meals, the cheapest prices, and better standards of comfort.

The changes in the fares-fixing policies now proposed will cover the world, so that even in those areas where high fares have for long been a target of criticism, such as western Europe, there will be scope for the introduction of new rates designed to boost traffic and promote competition. How far this change will help to cut the intra-European fares remains to be seen, but from now on, the airlines will not have the excuse of "IATA regulations" upon which to fall back when accused of overcharging by comparison with other major air routes.

The big question still hanging over the IATA is how far the proposed reforms will get. There is no doubt in the minds of most of the biggest scheduled airlines that the reforms, as approved at Montreal, are necessary, and that if they are not eventually implemented, some Governments—and especially the U.S. Government—will seriously consider ordering its national airlines to quit the association.

But there is equally no doubt that many of the smaller airlines, especially some in the Third World, are bitterly hostile to the changes. These airlines have long regarded the IATA as a protective umbrella, preventing their bigger competitors from swamping them, and permitting the orderly development of air transport in many parts of the world without unbridled competition. The charge made by Mr. Salaam of MEA in Montreal is echoed by many other airlines outside the big air transport areas of North America and Western Europe.

This indicates that the IATA executive committee, which has the task over the next few weeks of trying to turn the Montreal decisions into reality, will face some difficulty in its discussions with these latter airlines. It is likely that some of the Montreal plans may have to be substantially modified before they are finally passed by the executive committee at its meeting in mid-September. Then they will have to go to Governments. Winning their approval could take several months. It is not surprising, therefore, that the IATA is suggesting that the Montreal proposals may not be implemented much before mid-1979.

FINANCIAL TIMES SURVEY

Tuesday July 11 1978

Spanish Exports

Exports have recently proved one of the brighter areas in the Spanish economy, albeit starting from a relatively low base. But it will be difficult for the country's industry to achieve the economies of scale that will be needed if Spain is to be able to sustain this performance in international markets.

Hard facts to be faced

By Robert Graham
Madrid Correspondent

THE DEEP recession affecting the Spanish economy seems to have provoked a mood of self-depreciation among Spaniards. The short-term outlook is still clouded with uncertainties. Yet remarkably little is made of the few bright spots that stand out in relief against the general picture of falling production, rising unemployment and stagnant private sector investment. Exports in the past 18 months have enjoyed spectacular growth—growth which in real terms has been more than double that of *Spain's main trading partners.* But this achievement has gone virtually unnoticed except among those most closely involved with the economy.

Admittedly Spain is not an export conscious country. External trade still accounts for a small proportion of GDP and is well below the OECD average. But one cannot help comparing the equivalent reaction of the British under similar circumstances. British governments in recent years have exploited the trade figures and export successes as important political weapons, and the monthly trade figures are awaited eagerly and given great prominence. But the Spanish Government has so far not sought to wring any capital from the strong export performance which has been a determining factor in radically changing Spain's external position in less than a year. Moreover, given the need for a continued emphasis on a strong export performance, there is no sign the Government contemplates even small psychological incentives like special awards for services to exports, as for example in the UK.

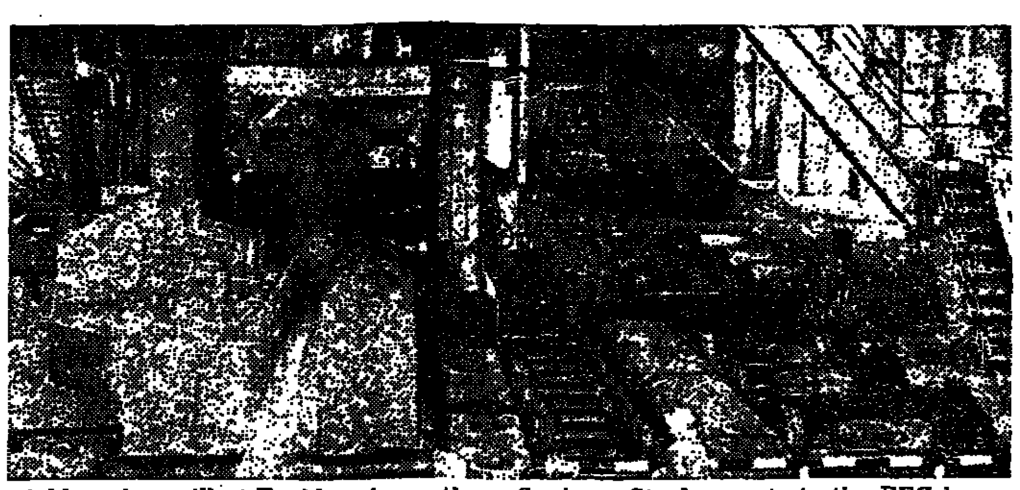
These are not intended as churlish criticisms, they are observations to highlight how differently the Spanish Government has behaved when it could have something to trumpet about. In 1977 exports increased 32 per cent in peseta terms and 17 per cent in dollar terms to $10.2bn. The Ministry of Commerce calculates that this represented a real growth of 13 per cent. The average growth rate of the OECD markets, the best comparative yardstick, was 5 per cent. This was exceptionally high growth and unprecedented in Spain's recent *trading history.*

In the first five months of 1978, Spanish exports increased at an average 16 per cent in dollar terms over the same period the previous year and topped $5bn. In May the seasonally adjusted visible trade deficit reached a low of $342m. Spanish exports now cover imports to the tune of 65 per cent, an improvement of 11 points against May, 1977. This strong surge in exports, combined with minimal growth in imports and an upsurge in tourist receipts, has been reflected in a much-improved payments situation. The first quarter current account deficit was only $254m: while in April there was a modest $76m surplus against a $438m deficit for the same month last year. External reserves as a result have steadily built up and now stand at $7.3bn.

Devalue

The main cause for this export performance has undoubtedly been the decision *on July 12 last year to devalue* the peseta by 22 per cent. According to Ministry of Commerce studies this put Spanish exports back to the same competitive levels as in 1972-73. At a time of strong international competition this advantage gave Spanish exports a major edge. The new competitiveness was further aided by the package of domestic measures which the Government introduced last autumn to curb inflation—without which part of the devaluation advantage would have been eroded.

Another factor in the export performance was the depressed *state of domestic demand.* Government anti-inflationary measures, which relied mainly on tight control of the money supply, acted as a further brake on the slackening of demand already evidenced in early 1977. As a result for the year as a whole domestic demand grew only 0.1 per cent (against 1.6 per cent the previous year) according to OECD calculations. Gross capital formation had a negative growth of minus 1.7 per cent. This meant there was considerable surplus industrial capacity, which in turn gave industrialists a built-in incentive to find foreign outlets. Similarly the Government, in order to offset as far as possible *the rising unemployment that* its policies inevitably created, had an interest in encouraging exporters. To this Ministry of Commerce officials like to add that, having slowly gained in experience since the early 1970s, Spanish exporters were in a position to exploit the situation, and this they did well.



A blooming mill at Ensidesa in northern Spain. Steel exports to the EEC have been limited to 880,000 tons this year under an agreement reached after some acrimony.

The increase in exports has not been limited to a particular market. It applies as much to Europe, the principal outlet for Spanish goods, as to new markets like the Middle East. No one beleves that exports can go on growing at the present pace for much longer. The latest OECD report on Spain estimates that Spain's export markets will grow an average 6 per cent this year, and, on the assumption that Spain can achieve an extra market penetration of three per cent, calculates the growth rate at around nine per cent. *This is a cautious estimate* but takes account of protectionist measures that may be taken. (Some have already been taken affecting steel and textile exports to the EEC.)

Apart from external protectionist measures, growth is likely to be affected by three main elements. Principal among these is the evolution of the value of the peseta. Already since last July, the strength of Spain's external position has pushed the peseta value up so that it has now regained some 8 per cent against the dollar—or put another way one third of the competitive benefit of the peseta against the dollar has been eroded. In recent weeks short-term funds have been entering Spain, some clearly speculating against a possible peseta revaluation. The authorities have roundly denied a possible revaluation, and they *are concerned lest the peseta* float further upwards. But so far these denials have had no marked effect.

The competitiveness of Spanish exports is also threatened *by increasing* pressure on industrial overheads. Wages, though within the 22 per cent Government guidelines, are considered by many economists—including OECD experts—to have been allowed to rise too high. Added to this the Government is committed to introducing a series of price increases on key items like industrial fuel oil, gas and electricity. Raw material prices are either going up or expected to go up. Steel prices could rise 15 per cent this year. In addition companies are facing higher social security payments and on top of a reformed tax system that, in theory, will be *thoroughly policed. Taken together* this puts an important new burden on industrial overheads which exporters cannot ignore.

Finally export capacity will be almost immediately affected by any upswing in demand. At present there is no convincing evidence of this. Most tend to attribute the slight activity in stockbuilding as the minimum necessary carried out by *industrialists whose stocks have* fallen below essential strategic requirements. But there are limits to which the Government can tolerate continued recession and consequent unemployment, now over 1m. Sooner or later a mild stimulation will have to be contemplated, otherwise reflation becomes progressively more complex. Yet even a mild stimulation will tend to switch the attention of manufacturers back to the domestic market. In this respect it is worth stressing how few companies even now have exports accounting for more than 25 per cent of turnover. Thus the timing of reflationary measures will also affect the time scale of the continued high export growth rates.

These considerations serve to emphasise that the current spectacular export performance is a temporary phenomenon, which may last little beyond 1978. Because of this the Government is anxious to lay the groundwork for a structural shift in Spanish production which will provide a greater export orientation. At present exports account for little more than 10 per cent of GDP against 25 per cent in Britain and 26 per cent in Italy and Portugal. This low percentage is a product of past economic policy. The thrust of Spanish economic development in the 1950s and 1960s was to stimulate self-sufficiency and cater to rapidly expanding domestic demand. But it has now passed beyond this stage and is entering upon a new and more complex phase whereby it must raise the percentage share of exports in GDP.

Commitment

This is not going to be easy. The capacity of existing plant is on the whole small and does not offer the economies of scale which sustained export performance requires. This will mean a major new financial commitment by both the public and private sector—something which the private sector shows little *sign of undertaking* at the moment. Second, the next few years are going to witness a period of adjustment,—potentially disruptive, as Spain prepares to liberalise trade with the EEC against entering the Community as a full member. Third, and no less significant, there has been surprisingly little co-ordinated thought as to what type of products Spain could best be marketing abroad in the 1980s, and without such a strategy it is impossible to initiate the necessary steps except on a piecemeal basis. Without coming to terms with these issues the dynamism of today could seem like a flash in the pan.

Agricultural products are bound to be one of the main stumbling blocks in Spain's progress towards EEC membership. Above: Many farms still lack modern machinery. Right: Domecq's brandy bodega in Jerez.

EEC membership still some way off

SPAIN'S RELATIONS with the European Community are central both to the present state of Spanish exports and their future development. The nine member states of the EEC absorb 46 per cent of Spanish exports and account for 34 per cent of imports. Yet until the beginning of this year Spanish officials seemed content, in public at least, to talk of the Community only in terms of platitudes. Membership of the Community was regarded as a good idea, a sort of hallmark of Spain's new democratic credentials. Little real thought appeared to have been given to the complex problems involved in negotiating membership—perhaps understandably so given the enormity of the domestic and economic problems which faced the Government.

This preoccupation with other issues, though understandable, has nevertheless meant that Spain has lost time in the lengthy process of providing the necessary information for Brussels which will lay the basis of the negotiating documents. It was not until February 10 that the Government approved the establishment of a new Ministry of European Affairs and appointed a "Mr. Europe," Sr. Leopoldo Calvo Sotelo. But since then things have begun to move, and they have moved with surprising speed, dispelling in less than three months the previous impressions of Spanish dilatoriness.

Sr. Calvo Sotelo enjoys two important advantages which are worth underlining. After much in-fighting it was decided that his Ministry would report direct to the Prime Minister and not be under the aegis of the Foreign Ministry. With Sr. Calvo Sotelo already enjoying the confidence of Premier Adolfo Suarez (he is credited with having helped mould the various political parties of the centre into the Union de Centro Democratico which won last June's elections), he can take decisions unfettered by other Ministries—and at the moment he appears to have a wide area of personal initiative. Second, the Ministry is small, no more than 25 persons seconded from the various Ministries or recruited from outside. This cuts through the normal deadweight of Spanish bureaucracy. These two factors combined mean that the new Ministry can act quickly. So despite the slow start, Spain on the decision making side now is in a better position than either Greece or Portugal, though their applications are more advanced.

At the end of May the ministry completed its first questionnaire for Brussels. Although the President of the EEC Commission, Mr. Roy Jenkins, indicated on a visit to Madrid at the end of April that the Community *avis* (opinion) would not be ready until early 1979, there appears to be a move to try and bring the date forward. As far as the Spanish are concerned they say that the principle of entry is not in doubt. This is accepted by all interest groups in Spain, but one should perhaps add the caveat that few interest groups have really studied the impact of EEC membership in depth. The Spanish are out to negotiate the terms of the transition period and, just as important, the terms under which trade will be conducted before the initiation of the transition period.

Governed

At present trade relations are governed theoretically by an agreement signed in 1970. But the operation of this agreement is notional and has been effectively displaced by Spain's application for full membership. Indeed officials at the Ministry of European Affairs make no secret of the fact that the 1970 agreement was harmful to Spanish exports and the less said about its lapsing the better. "The most important thing about the 1970 agreement is that nothing is happening," one official said recently.

In the meantime special temporary agreements have been elaborated for this year on steel exports and textiles. The steel agreement limiting exports to the Community to 880,000 tons this year against almost 1m tons the previous year was reached after some acrimony. Spanish steel exporters, who rely on the Community to absorb about 10 per cent of national production, discovered in January that the Community was applying new base prices which meant an effective price increase for Spanish steel of around 25 per cent, so putting it into sharp competition with other producers. The lower quotas were also a nasty shock. But since then the industry appears to have adjusted without too loud a protest, perhaps realising that the Community was not seeking to penalise Spain but was genuinely trying to find an equitable arrangement that could be squared with all EEC suppliers.

This gave a foretaste of the kind of frictions that might arise over the next few years before a transition agreement is finalised. On the whole, officials are sanguine about the fate of industrial exports to the EEC. These have been accounting for an increasingly important percentage of total Spanish exports to the Community. The percentage of capital goods in overall exports to the EEC has remained steady, only moving from 13 per cent to 15 per cent in the last seven years. The proportion of consumer goods has risen sharply, however, during this period, from 14 to 25 per cent.

The percentage importance of tonnage and agricultural exports in money terms has declined sharply in contrast. From accounting for 45 per cent of total exports to the EEC in 1970, agricultural goods now comprise only 25 per cent. This decline in the relative importance of agricultural exports is expected to continue, even though in money terms these exports are constantly increasing. This trend belies the popular impression that all Spain is offering Brussels is a massive surplus of Mediterranean agricultural produce.

This said, nothing can conceal the enormous problems that Spanish agricultural exports will place in the path of negotiations on EEC entry. The visit to Spain earlier this month by French President Valery Giscard d'Estaing brought home the nature of these problems. Despite the glowing tributes that he paid to democratic Spain and his enthusiastic endorsement of Spanish membership to the EEC, he made it abundantly clear that French agricultural interests had to be taken into account. French agriculture he said could not be allowed to suffer as a result of Spanish entry. This tough French position lies at the heart of the negotiating process and will condition in large measure the future status of agricultural exports to the EEC, which in the case of the all-important citrus production account for over 85 per cent of the total exports.

Immediately, the Spanish would like to come to some form of arrangement that treated Spain not as a third country but as an applicant whose agricultural exports could be fitted into the context of a subsuming transitional agreement. As regards citrus they feel strongly that existing EEC preferential agreements with the North African countries discriminate against Spain, and that as an applicant for full membership such discrimination practised in favour of countries who do not seek full membership is unfair. Another area of vital concern is the future of preserves, especially tomato concentrate. As a result of existing EEC quotas exports of preserves to the Community in the first four months fell by 22 per cent in tonnage terms, although they were up from Pts 8.98bn to Pts 10.58bn in money terms. The most serious fall was in apricots. There is also concern over the fate of sherry exports to the traditional UK market.

Looking beyond these immediate issues, the Spanish would like to try and persuade the EEC Commission to consider the structural deficiencies that favour "northern" agriculture and discriminate against Mediterranean products. Since the Treaty of Rome, Spanish agricultural exports have had to live with the protectionism afforded the Mediterranean produce of Italy and France—especially citrus, olive oil, olives and wines. Northern Europe is Spain's natural market for fresh fruit, of which citrus is its main product. Thus for many years the existing protectionism has prevented Spanish agriculture from exporting as much as it could. Yet equally the Spanish have seen that Italian agricultural products have not benefited from Brussels as much as they might.

The problem, therefore, in Spanish eyes is not simply one of easing existing discrimination on Spanish agricultural goods. It involves a rethinking of the type of tariffs and support measures that will draw away the traditional cosseting of beef and dairy farmers in an enlarged Community.

Robert Graham

Recognising the need for better promotion

PROMOTION HAS been a major weak spot in the development of exports. Government efforts—and to a lesser extent those of private associations—to promote exports have lagged behind the rest of Europe. Official representation abroad has been poorly planned and surprisingly slow to respond to new markets—this is particularly the case with the Middle East as a whole and certain countries in Africa such as Nigeria. There has also been a more general criticism that the resources of the Ministry of Commerce have been too slim, thus often preventing it from possessing the kind of commercial information about potential and existing markets that is essential for export promotion (latest fiscal measures, legal aspects of documentation, position of competitors, etc.).

It is hoped that all this will now be changed. A combination of the need to promote exports and the more specific necessity to study commercial practice within the European Community in greater depth, resulted earlier this year in a detailed study by the Ministry of Commerce on export promotion. This, incidentally, appears to have been the first time that export promotion has been seriously investigated in the overall context of an export drive. This study and its recommendations now form the basis of the Government's export promotion policy.

The study proposed a wholescale upgrading of Spanish commercial representation abroad as one of its main conclusions. This has been fully endorsed by the Government, and over the next five years there will be a substantial increase in both the scope and the scale of official commercial representation abroad. By 1982 the number of offices of the Commerce Ministry will have increased by over 50 per cent.

Five criteria have been adopted for this move. Above all the Government wants to increase and complete its existing presence in the OECD countries. Second the Spanish presence in the traditional Latin American markets will be strengthened. Third the Spanish commercial presence in the richer OPEC members, such as the Gulf states and Nigeria, will be formalised through commercial offices. Fourth, Spain will slowly begin to show the flag in some of the more important regional trading centres such as Hong Kong for South-East Asia and Abidjan for French-speaking West Africa. Finally, Spain's presence in East European countries and China will be reinforced on the grounds that they offer important alternative markets.

GEOGRAPHIC SPREAD OF EXPORTS,—$m

	1977 $	1977 %	1978 (estimate) $	1978 (estimate) %	1978-1977 %
EEC	4.747	46.3	5.488	46.1	15.6
EFTA	554	5.4	631	5.3	13.9
Rest of Europe	676	6.6	785	6.6	16.1
Europe	5.977	58.3	6.904	58.0	15.5
U.S.	1.005	9.8	1.143	9.6	13.7
Rest of America	1.148	11.2	1.333	11.2	16.1
America	2.153	21.0	2.476	20.8	15.0
Middle East	769	7.5	952	8.0	23.8
Rest of the world	1.353	13.2	1.572	13.2	16.2
Total	10.253	100.0	11.904	100.0	16.1

PROGRAMME TO EXPAND COMMERCIAL REPRESENTATION

1978	Dallas, Montreal, Oslo, Jeddah, Abidjan, Budapest, Lagos.
1979	Toronto, Hamburg, Marseilles, Glasgow, Tripoli, Sao Paulo, Jakarta, Miami.
1980	Dublin, Amsterdam, Antwerp, Kuwait, Peking.
1981	Vancouver, Melbourne, Luanda, Hong Kong, San Jose de Costa Rica, Instanbul, Dakar.

In the industrialised countries the emphasis will be on adding specialised staff to cover specific sectors—such as foodstuffs, etc., For instance, this year the Ministry intends to beef up its offices in New York, Chicago, San Francisco, Montreal, Tokyo Paris, London and Bonn, with three "specialists," each dealing with foodstuffs, consumer goods and capital goods. While in developing country markets like Iran or Saudi Arabia, the emhasis will both be on establishing sector specialists and officials with an overall competence.

The Ministry recognises that to find adequate staff for these technical posts it will have to recruit outside, at least during an interim period. At the moment there is a serious shortage of adequate commercial staff in foreign representative offices, with some 30 posts vacant. The Ministry is cautious about trespassing on the role of the diplomatic service in all this, and makes no specific recommendation as to whether diplomats should focus more on trade promotion. Until now Spanish diplomats have shown little interest in (or concern with) promoting Spanish trade—not unlike the British diplomatic service some 10 years ago when commerce seemed something that British diplomats did not dirty their hands with. But clearly the diplomatic service, which has excess capacity, is grossly underutilised in this context.

By the end of the expansion plan, the Ministry calculates it will have 86 commercial offices abroad—while the cost of this expansion programme will be in the region of $76m. Parallel with increased representation abroad, the Ministry intends to bolster both the number and quality of commercial missions. In the past there have been criticisms that visits by missions to countries have been carried out with insufficient advance planning which has limited their efficacy. Perhaps more important, not enough attention has been devoted to analysing the results of such missions and organisation of follow up.

To this end the Ministry recognised that its own library needs to be bolstered (Centro de Documentacion e Informacion de Comercio Exterior). As much as anything Cedin needs to be able to supply the local chambers of commerce and sector groupings throughout Spain with the latest information about international tenders and country changes in import regulations.

The amount of money available to fund missions abroad has been increased this year and will go up further next year. Over 200 petitions for foreign missions have been processed so far this year. These have been pared down to 90. This will include 11 each to Venezuela and Saudi Arabia. To cover the increased cost the budget for such missions has been raised from Pta 76m to Pta 112m. The budget for Spanish representation at international fairs has also gone up 11 per cent to Pta 439m. But it is possible that this may be further raised to provide enough money for official Spanish participation for the first time in fairs in Moscow, Leipzig, Baghdad and Dakar. There is also a move to devote more attention to attracting groups of foreign buyers to Spain.

Apart from this the Ministry of Commerce study concluded that important fiscal incentives could be given to promote exports, either on a global or a sectorial basis. For instance, Spain has been slow to move into international construction contracts outside Latin America. The study estimated that Spain had a maximum $300m worth of international construction business out of a total market of $15bn. One move to stimulate greater Spanish activity in this sector would be to grant special tax incentives to Spaniards who work abroad on such projects and make special provision for social security payments. Other more controversial measures include forms of tax relief on exports.

As another arm of export promotion, the Government set up Focoex 18 months ago—a trading-cum-investment company. Focoex is 60 per cent owned by the Ministry of Commerce, 14 per cent by the state holding company INI and 26 per cent by the state controlled export finance bank, Banco Exterior de Espana. Focoex has a wide-ranging brief and intends to act in two main spheres. First, it will participate in foreign contracts with private Spanish companies to act as a form of official guarantee. In a number of developing countries there is a preference for government to government contracts and this helps to accommodate this preference; or more simply where high performance bonds are involved or an element of political risk. Focoex intends to behave as guarantor to the buyer and to the contractor. In a recent schools contract in Senegal worth $12m. Focoex claims that its participation with private Spanish interests was a determining factor in the award.

Second, Focoex intends to act as a catalyst in providing finance for overseas contracts. Through its Banco Exterior connection and its virtual state ownership, Focoex borrowing has a state guarantee. In addition to these objectives, Focoex wants to find new business itself or for Spanish partners, availing itself of the existing international network of INI companies. Focoex claims to be currently discussing some Pta 2.48bn worth of contracts. It has also just taken a 25 per cent stake in a joint Saudi-Spanish investment company, Alkantara Trading, formed in conjunction with the triad group of Mr. Adnan Kashoggi. Whether Focoex is merely duplicating a role that INI in more dynamic form could and should fulfil remains to be seen. But clearly there is room for a state backed company to assist the private sector in winning large overseas contracts.

R.G.

SPANISH EXPORTS

It is a well known fact that Spanish foreign trade has played a decisive role in the industrialisation of the country during the last two decades. The incorporation of new technology and equipment, emigrant remittances and an increasing rationalisation of the production system, as a result of the Spanish economy opening up to international competition, were facts without which it would have been very difficult to speak of the Spanish economic "miracle."

The basis of the equilibrium between this fast process of industrialisation and a slightly positive situation of the balance of payments broke down dramatically with the international crisis which started in 1973. Since then, the Spanish foreign sector has become one of the bottlenecks of the country's economic development.

By 1975 the Spanish trade deficit became the most unfavourable in the world (7,300 million dollars). At the same time, the acute dependence of the other current revenues (mainly tourism and emigrant remittances) on the international situation, determined a reduction or a slowing down in its growth pace, resulting in a record deficit of 4,300 million Dollars in 1976.

With imports being double the value of exports, and apart from the fact that other current revenues would recover with a more favourable development of the economy, it was clear that the real challenge, the real problem Spanish foreign trade had, and still has, to face was achieving an increase in its exports.

There has been a positive development of exports during the last four years. This proves, once more, the dynamic and expansive character of Spanish foreign trade in spite of the acute internal inflationary process and the unfavourable state of international markets. On the negative side, foreign trade has revealed its limitations as far as improving the balance of trade is concerned.

During the period 1973-77, exports increased by 18.2% per year (in Dollars), thus allowing the cover of imports by exports to recover, reaching levels somewhat higher than those of the period before the crisis; this cover was 63.4% in 1977 against 62.8% in 1973.

In terms of constant Dollars, export growth was also comparatively higher than that of the GDP, acting as a compensating factor against the weakness of the other components of demand and it also had a positive influence on the level of employment. While exports' share of GDP was 7.5% in 1973, it went up to 9.1% in 1977.

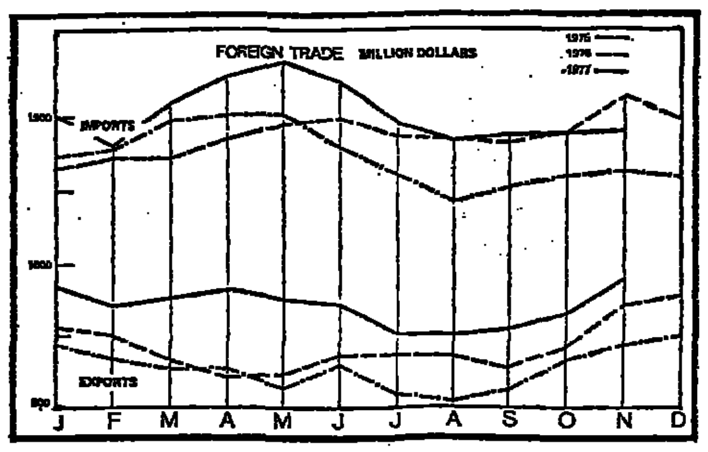
The tendency towards a greater sectoral and geographical diversification of exports remained unchanged. It is many years now since Spain ceased to be considered an agricultural country whose main exports were basically foodstuff and farming products; the relative importance of the agricultural sector has decreased. In 1977 it represented only 20% of total exports compared with 29.2% in 1973 and 44.8% in 1963.

At the same time, the exports of equipment and consumer goods represented 43% of total exports in 1977, the remaining 36% corresponding to raw materials and semi-manufactured products. In this shift of emphasis towards industrial exports, it is important to highlight the good performance of relatively new exporting sectors with an important technological base, when compared to others with a longer exporting tradition.

In particular, sectors such as semi-manufactured products for investment demand, industrial equipment, automobiles and motorcycles progressed more rapidly than other sectors like fur and leather goods, shoes, furniture or toys and—this is important—through channels that were less dependant on a lower relative cost of manual labour.

ASTILLEROS ESPAÑOLES S.A. Construction in sections of a Bulk carrier of 35,000 tons for GRAIG SHIPPING.

The share of the first sectors mentioned above in the total export figure was 8.1%, 9.8% and 6.0% respectively in 1977, well above the figures of 4.9%, 7.9% and 3.1% for 1973. On the other hand, the second group's share in the total decreased to 0.8%, 8.0% and 2.6% respectively in 1977 when compared to 1.3%, 8.2% and 3.1% in 1973. In other words, the sectors once considered as the leaders of Spanish foreign trade proved to be more sensitive to the competition from other exporting countries with a relatively cheaper and plentiful supply of labour and more favourable developments as far as their costs were concerned. These sectors are also the most likely to be affected by import restrictions in times of crisis.



As for the geographical distribution, the tendency has been towards a greater diversification of the markets while still maintaining the traditional dependence on the Western European and U.S. markets.

The EEC is still the foremost importer of Spanish products, representing 46.3% of total exports, compared with 47.9% in 1973. The U.S. absorbed 9.8% of Spanish exports in 1977 losing some points from the 13.8% of 1973; the Middle East countries went up from 4.9% to 7.5% during the period, an important gain but less than what was presumably expected from their potential purchasing power.

The above mentioned tendencies have continued during 1978. During the first four months of this year, exports increased (in Dollars) by 22% compared to the same period in 1977, this has enabled the trade balance deficit to be reduced by 700 million dollars. Considering the slowing down of imports and also considering that tourism is expected to break all previous records in 1978, not only in number of visitors (37 million) but also in expected income of over 5.000 million Dollars, it is possible to anticipate that Spain will be able in 1978 to readjust substantially its trade balance reducing its current deficit to less than 1,000 million Dollars.

Even so, the Spanish trade deficit for 1978 is expected to be around 5,000 million Dollars (3.8% of GDP), this figure shows clearly that there is still a long way to go and it is obvious that a substantial export drive is needed, especially now that imports have stagnated.

In this sense, short term Government policies are mainly directed at reducing the growth of salaries and prices, this being a "sine qua non" condition for maintaining and widening the existing markets.

This measure has been reinforced recently with the approval of an export support programme, which is meant to encourage and promote all export related activities.

This programme includes a 50% enlargement of the network of Commercial Offices within a five year period, increased participation in international trade fairs and trade commissions to foreign markets, a reform of export promotion techniques, like faster compensation of the export premium, as well as other measures intended to provide better information for Spanish exporters and more substantial promotional and advertising efforts for their products and services.

On the other hand, there are some negative facts which will take some time to correct. There are crises in important sectors, especially the shipbuilding, steel and textile industries; there is a lack of capitalisation in many companies, the average size of exporting companies is still very small, their technological dependency is high and, last but not least, companies have directed their sales to the protected and safer domestic market instead of finding new markets abroad.

The fact that high and steady domestic growth expectations have weakened with the crisis has brought a change of attitude to the industrialists' minds, with a favourable influence to help solve the above problems. There is no doubt an export potential still to be developed, and in the final analysis there is room for an optimistic view on the possibilities within the Spanish economy as far as foreign trade is concerned.

Spanish Commercial Offices in Europe

AUSTRIA
Feichsratstrasse 11, A-1016, Vienna 1. Tel: 438274

BELGIUM, LUXEMBOURG
Avenue des Arts, 21/22, Brussels 1040. Tel: 511.99.90

CZECHOSLOVAKIA, HUNGARY
Jecna, 7, Prague 2. Tel: 29.82.49

DENMARK, NORWAY, ICELAND
H.C. Oerstedsvej, 7B, Copenhagen V. Tel: 31.22.10

EAST GERMANY
Clara Zetkin 97-5° 11, 108 Berlin. Tel: 229.80.95

FRANCE
17 Avenue George V, Paris 75.008. Tel: 359.44.3

GREAT BRITAIN-IRELAND
3 Hans Crescent, London. S.W.1. Tel: 589 4891

GREECE, TURKEY, CYPRUS
Stournra, 32, Athens. Tel: 524.91.96

HOLLAND
Burg Patinjnlaan, 67, The Hague. Tel: 64.31.68

ITALY
Viale Bruno Buozzi, 47, Rome 00197. Tel: 805.462

POLAND
Swietokrzyska, 36/12 B.P. 80, Warsaw 00-950. Tel: 20.42.82

PORTUGAL
Av. Sidonio Pais, 28-3° dhca, Lisbon. Tel: 54.94.88

ROMANIA, BULGARIA
Bd. Dacia. 16, Bucharest Tel: 15.62.52

SWEDEN, FINLAND
Sergels Torg, 12.11.157, Stockholm. Tel: 08.24.66.10

SWITZERLAND
Effingerstrasse, 4 Berne. Tel: 25.21.71

USSR
Leninski Prospekt, 83 Korpus 5, KU 484, Moscow B-261.
Tel: 138.44.10

WEST GERMANY
53 Bonn-Bad Godesberg. Koblenzerstrasse 99, Bonn.
Tel: 36.50.27

YUGOSLAVIA
Njegosera 54/Plaza/2/N 5, Belgrade. Tel: 60.93.25

Spanish Chambers of Commerce in Europe

BELGIUM
Cámara Española de Comercio, Rue de la Science, 19, B-1040 Brussels

DENMARK
Cámara de Comercio Hispano-Danesa H.C. Oerstedsvej, 7B, Copenhagen V.

FRANCE
Cámara Española de Comercio, 32 Avenue de L'Opéra, 75002 Paris
Cámara de Comercio Comercio, rue Ed. Ducère, 64100 Bayona
Cámara de Comercio Hispano-Francesa, 3, rue Aldebert 13006 Marsielles

GREAT BRITAIN
Cámara Española de Comercio de la Gran Bretaña
5 Cavendish Square, London S.W.1

ITALY
Cámara Española de Comercio, Via Rugabella, I.20122 Milan

NORWAY
Cámara de Comercio Hispano-Noruega Spansk-Norsk Handelskammer, Kirkegaten 5, Oslo 1

PORTUGAL
Cámara de Comercio e Industria Luso-Española Avenida Antonio Augusto de Aguiar, 9-2° E, Lisboa

SWITZERLAND
Cámara de Comercio Hispano-Suiza Bleicherweg, 18, 8002 Zürich

WEST GERMANY
Cámara Española de Comercio. Schaumainkai, 83
6 Frankfurt/Main 70

Permanent Delegations for Commercial Affairs

BELGIUM
C.E.E., 23 & 25 rue de la Loi, Brussels. Tel: 513.85.50

FRANCE
O.C.D.E., 44 avenue d'Iena, 75116 Paris 18. Tel. 723.61.50

SWITZERLAND
G.A.T.T., 15 rue del Jeux de l'Arc, Geneva. Tel: 35.61.70

SPAIN—CEDIN
(Cetro de Documentatiónee Información del Comercio Exterior)

TRADE INFORMATION SERVICE

Almagro, 34, MADRID-4
Tel: 419.44.21

For Further Information Please Apply to Any of the Above Addresses

Motor industry looks abroad

WITH FEW exceptions last year was a good one for Spanish motor exports. While home sales increased by only 7.4 per cent compared to 1976, motor industry exports went up by 75 per cent. According to latest customs figures the total value of motor exports (cars, lorries and tractors) in 1977 was Pta7.7bn and 10 per cent of total exports.

Clearly with demand at home declining, motor companies in Spain have been forced into looking more towards exports. But this explains only part of the important contribution of the industry to Spanish exports. It is impossible to understand the strength of this sector without first appreciating the special status of Ford in Spain.

The performance of Ford in Spain since it completed its plant at Valencia just over two years ago has undoubtedly been the great success story of the Spanish motor industry. Not only has it become the major car manufacturer in Spain, it has reached the top of the list in the Spanish export sector. That Ford has managed to overtake not only its direct competitors in the motor industry, but also other long established export-orientated companies, can only be explained against the background of the particular sector of Spanish industry of which it is part.

Of all the car manufacturers in Spain, Ford has the great advantage of being part of the most integrated international network. Ford set up its plant in Valencia to produce the Fiesta model in cooperation with its other European production plants, ensuring for itself an automatically extended market abroad. This export potential was from the outset of the Valencia operation given an added stimulus, paradoxically, by the constraints imposed originally by the Spanish Government to protect the national car manufacturers such as Seat, particularly in their control of the domestic market.

The constraints, nicknamed Ford's Law, and ultimately designed to channel the Ford operation (and indeed the activities of any other multinational) towards a positive contribution to Spain's balance of payments, mean that the company now undertakes to export two-thirds of production, import parts worth no more than 50 per cent of the value of exports and limit itself to no more than 10 per cent of the previous year's volume as a whole.

In its first two years in Spain, Ford had no difficulty in penetrating 10 per cent of the market, nor in taking its level of exports far beyond that experienced by its competitors. In January to April this year, for example, the number of units exported by Ford increased by 104 per cent. Last year, Ford exported a total of 148,679 cars (gross value of Pta 27.8bn), most of which went to the EEC countries. In addition the company exported 126,163 engines to its sister plants (gross value of Pta 33.4bn) at Saarlouis (West Germany) and Dagenham in the UK.

In the Spanish motor car industry today, Ford's success contrasts strikingly with the hampered performance of Seat (49 per cent controlled by INI, the Spanish holding company, and with a 36 per cent participation by Fiat).

Conception

Seat's original conception was to be a manufacturer using Fiat technology to dominate the highly protected local market. Yet in recent years, because of economies of scale, Seat has also turned towards exports. The company's performance in this field has been restricted, and Seat officials are the first to admit that it would be guaranteed a much more integrated international network with much greater control were Fiat to take control.

Seat last year exported a total of 67,708 units. This represented a 12.1 per cent increase compared to 1976, and showed that the company is still finding it difficult to compete successfully abroad. To an extent Seat's present relationship with Fiat, means that as far as the export of cars is concerned, the company's Italian counterpart is perhaps its greatest competitor.

Seat, for example, has been unable to follow other Spanish motor manufacturers in penetrating the Latin American market, where Fiat has a number of plants. Instead the company appears to have been forced into orientating itself towards the export of CKD (completely knocked down) units rather than vehicles.

Yet despite Seat's inherent structural difficulties it can point to one tangible success in 1977. In Egypt it won a deal with the national car company Nalgo for the setting up of a plant for the production of the 133 model. In a sense Seat appears to have made the best of a bad job. The 133 is outdated on the European market but has now acquired a new lease of life, with the potential increase of CKD units that it entails. Looking towards the coming year Seat is putting out optimistic forecasts that it will be able to export up to 100m units. Today completed car sales go mainly to France and Denmark.

Of the other car manufacturers both Chrysler and Renault, and to a lesser extent Citroën, have taken advantage of their extensive international networks into which they can fit Spain.

Recession and the consequent drop in demand in the local Spanish market has meant that these companies have gradually moved away from their original purposes and orientated themselves towards exports. After Ford, Chrysler has perhaps been most successful in this. Owing to a series of particular circumstances. Chrysler's exports suffered distortions in 1977. The company's exports of military vehicle components to the U.S. suffered a sharp drop because of the expiry of a contract with American Motors. In addition Chrysler experienced a decline in its exports of CKD units. This is explained by the company discontinuing production of the Simca 1000, which until this year had been exported in CKD units to Colombia.

Yet despite these distortions, Chrysler's overall performance last year showed a marked improvement in exports: a 47.6 per cent increase over 1976. Total value of exports in 1977 was Pta 3.3bn. The company appears to be engaged in an aggressive campaign to capture new markets and to compete successfully both in Europe and in the developing world.

It has, for example, put into the European market its heavy goods vehicle type 300, which it has renamed Dodge. The change of name has been made as part of a conscious effort to integrate its Spanish operation much more closely with its other European production units.

Less successful in the light and heavy industrial vehicle sector has been Spain's national producer, Enasa (66 per cent-owned by INI). As with Seat, Enasa has found it difficult to branch out from the home to the international market, although it has won one or two important contracts in Latin America during the past year. During King Juan Carlo's visit to Venezuela last year the company was awarded contracts for two industrial vehicle plants. And then in April this year Enasa won a deal with Cuba for the export of 500 Pegaso buses, with an estimated value of Pta1.5bn. There are now a total of 4,000 Pegaso units in Cuba, a number of which are supervised by Enasa technicians. The value of Enasa's total exports during 1977 is estimated at Pta5.3bn.

Limitations

While both Seat and Enasa provide examples of the present limitations of local companies in the export field, the case of Motor Iberica, the Spanish-controlled industrial vehicle manufacturer based in Barcelona, shows a possible solution to those limitations. Last year Motor Iberica's exports increased by 17.5 per cent to Pta6.6bn, with a marked success in the export of tractors and agricultural machinery (58.2 per cent increase to Pta3.8bn).

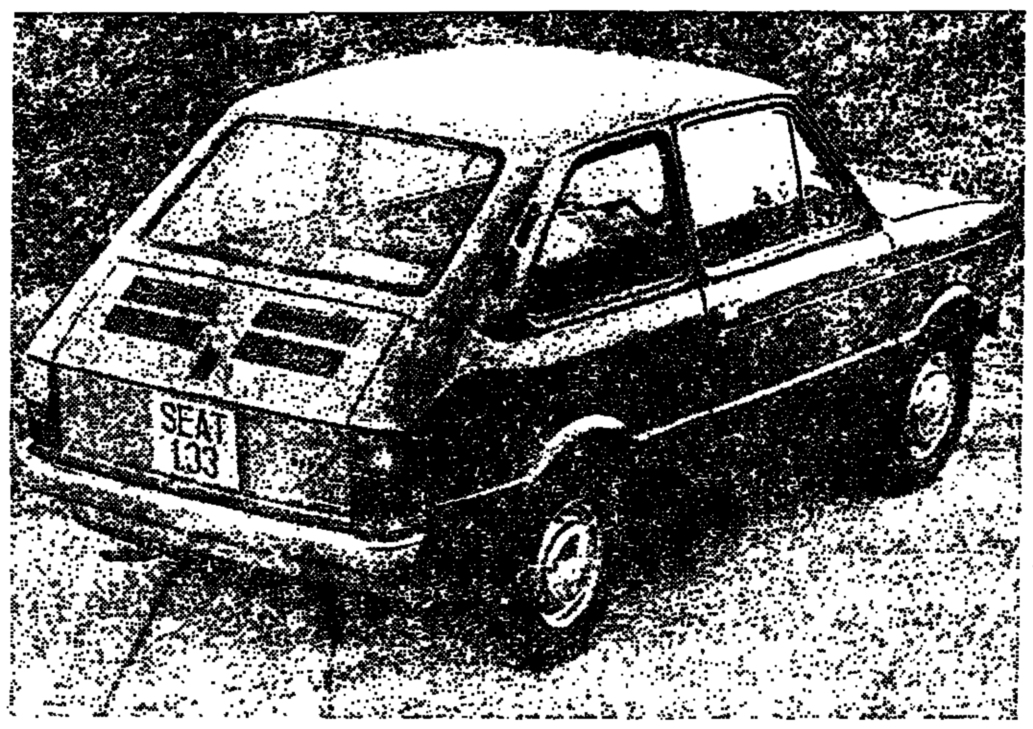
Essentially Motor Iberica has achieved a level of aggressive salesmanship somewhat lacking in the other "Spanish" motor companies. It has made a consistent effort to improve both the quality and the choice of its products, so as to make itself highly competitive at an international level. During the past year representatives of Motor Iberica have toured Europe and Latin America, establishing an efficient marketing organisation through new sales offices in most European countries as well as the Far East.

At home Motor Iberica has one of the country's worst industrial relations records (which in the past has included lock-outs and strikes involving the whole of the Spanish motor car industry), but this did not prevent its managers from venturing, with scarcely concealed bravado, into Portugal earlier this year. Motor Iberica appeared confident then that it could also carve out for itself with the Communist-dominated Portuguese unions, but that it could also move out for itself another country in a growing list of new markets.

Looking towards the future, however, the fate of all car manufacturers in Spain will be linked to a greater or lesser extent to the changes that take place within the world car manufacturing industry as a whole. Already significant in other parts of Europe, particularly in the UK, is the challenge of Japan, which, in a relatively short time, has managed to become the biggest vehicle exporter in the world.

In the future a number of developing countries are expected to step up vehicle production, forcing developed countries into a preference for exporting technology and components rather than cars. Multinationals are better prepared for Spain's entry into the EEC. But they will have to join the local companies in answering the challenge that lies beyond it.

Jimmy Burns



The Seat 133: a new lease of life with the setting up of a plant to produce it in Egypt.

A lifeline for industry

SPANISH INDUSTRY, which has been experiencing a recession in recent years, has found in exports a vital lifeline. Companies hard pressed by rising costs and a dramatic fall in domestic demand have looked increasingly to the international market as a solution to their crisis. Without the cushion of cash flow from foreign sales many companies would be on the verge of bankruptcy. The trend of looking for outlets on the external market is reflected in export figures for 1977. These show that the export of industrial products increased by 19.6 per cent on the previous year (this compares with only a 10.9 per cent increase in agricultural exports). Industrial exports now represent 78.2 per cent of total exports.

These statistics, however, only tell half the story of Spanish industrial exports. The increase is mainly due to the effect of the 22 per cent devaluation last July, and does not reflect the difficulties that many companies have found in adapting to the new orientation, both in terms of competition and production.

The capital goods sector, for example, has been little affected by the devaluation — because of the timelags in production, the sector tends to be far more affected by inflationary trends than by any temporary readjustment in the exchange rate.

In part this sector incorporates a great number of companies that last year experienced virtual stagnation, and yet have managed to increase their exports substantially. While in 1970 only 14 per cent of total production was directed at exports: last year this figure increased to 37 per cent.

The sector as a whole, however, has failed to solve its trade deficit which last year stood at Pta 119bn. That the sector has still to import more goods than it exports shows that Spanish capital goods have yet to answer successfully the challenge of competition both within and outside Spain.

Sercobe, an association which represents most of the capital goods manufacturers in the country, claims that the Government's present economic programme is hampering the sector's performance in the international market. While devaluation may have restored the competitiveness of some sub-sectors of the industry, it has had little effect on companies involved in the production of larger and more complicated goods. Significantly, the association emphasises that many of these companies prefer to import goods because of the better credit terms that are offered by the exporting country.

Weakness

In addition to the problem of credit the Spanish capital goods industry shares with other sectors an inherent structural weakness. Its relatively weak technology compared to other developed countries is compounded by the low outlays in research and development. The sector still sells 40 per cent. of its total exports to the EEC but has increasingly looked towards the developing countries for new outlets. Thus last year capital goods exports to the EEC increased by only 21 per cent to Pta 67.3bn, while exports to Latin America increased by as much as 36.9 per cent. to Pta 21.9bn.

The machine tools sector has been particularly successful in finding new markets for its exports. Machine tools have suffered greatly from the recession at home and has had no alternative but to become more export orientated.

It, too, is more affected by inflationary trends than by devaluation and as a sector has found it extremely difficult to compete in Europe. In 1977 total exports increased by 25 per cent. to Pta 102.9bn, which signified a favourable balance of Pta 8bn (in 1976 the sector had a deficit in its balance of trade of Pta 20bn).

Yet this was mainly due to a considerable increase in the volume of exports to certain Latin American countries, as well as to Africa and Asia. One of the most dramatic increases, for example, was that to Colombia: up by 286 per cent (to Pta 322m) from last year.

The machine tools industry has been handicapped by the Government's credit squeeze. Talking to the Association of Spanish Machine Tools Manufacturers (AFM), fairly optimistic statistics are countered by a pessimistic vision of the effect of total domestic stagnation. While turning outside Europe for expanded outlets, AFM still has its eyes firmly set on the EEC. And for the moment the Association feels itself poorly equipped to deal with European competition once tariffs have been lifted.

Nowhere are the present limitations on Spanish industrial exports more apparent than in the chemicals sector. Last year with a deficit of Pta 71bn, the chemical industry had the most negative balance of trade (after petrochemicals) of all industrial exports.

As in the case of machine tools and capital goods, the problem facing the chemical industry is a structural one. Traditionally the sector has been highly dependent on the advances of science and technology. In recent years it had been partially successful both in modernising its plants and diversifying its products. Traditional products such as potassium salt, mercury and tartaric acid, which in 1960 accounted for over 70 per cent of total Spanish chemical exports, now represent less than 5 per cent.

CONTINUED ON NEXT PAGE

SPANISH EXPORTS V

Textiles search for new markets

LAST YEAR, the Spanish textiles industry's foreign sales reached a new high of Pta 43bn, against Pta 30.9bn in 1976, while almost doubling the money value of the sector's exports since 1975. This performance has enabled the industry to hold—and even increase slightly—its share of overall Spanish industrial exports, which last year settled at 5.6 per cent.

Spain's main clients abroad continue to be inside the EEC, which in the last three years has taken just under 50 per cent of textile exports, followed by the U.S., which receives nearly 10 per cent. But unlike most other Spanish industries—notable exceptions being shipbuilding and steel—the textile industry is not in a position to soak up excess capacity by exporting, nor indeed to compensate for depressed demand and thin order books at home by a concerted drive abroad.

Nevertheless, it has not been idle. Restrictions in its traditional markets have increased the industry's penetration of newer markets. North Africa, for example, now accounts for 10 per cent of total textile exports, on a par with France, hitherto Spain's most important customer, particularly for semi-finished articles. In addition, and in a modest way, the industry is in the process of breaking new ground in the Comecon countries, especially Poland.

Upturn

Last year's devaluation of the peseta brought a noticeable upturn in foreign sales during the last quarter, which appears to have continued into this year, making Spain a net exporter for the first five months of 1978, following an overall drop of 27 per cent in textile imports last year. From January to May, 1978, the industry exported $295m and imported $226m worth of textiles, against $236m and $294m for the same period last year.

It remains to be seen, however, whether this performance can be sustained as the year progresses and the volume of Spanish textile products placed inside the EEC accumulates to potentially sensitive levels. Spain is not a signatory to the Multi-Fibre Arrangement, but the Government is nevertheless keeping a selective eye on exports, and since February this year has exercised the right to hold up import requests.

But for the Spanish textile industry the difficulty of competing in an over-crowded home market is only half the problem. The conjunctural crisis of the Spanish economy has taken a heavy toll of this structurally weak industry, where around 500 firms have disappeared in the past four years.

The textiles industry is for the most part located in Catalonia, which accounts for around three quarters of national production and nearly half the sector's exports. Within Catalonia itself, the industry is heavily concentrated geographically, but split into a large number of small to medium sized companies, frequently family-owned. Only 20 per cent of companies employ more than 50 workers.

Until Spain's present period of economic development got underway, these small companies were generally self-financing, catering for a captive market, and interested in exports only as an occasional means of clearing surplus stock. The opening up of Spanish trade in the early 1960s threw a number of the industry's basic weaknesses into sharp relief, as well as stimulating important structural changes.

The series of sectoral restructuring plans — carried out at the cost of the industry as a whole — that have taken place since then have eliminated a lot of underproductive and archaic plant, while simultaneously stimulating a high rate of investment and increased specialisation and co-ordination. Evidence of this is the growth of Spanish fibre capacity over the traditionally leading sectors of cotton and wool, which last year fell to less than a quarter of total production.

However, despite increasing productivity (down marginally last year on previous years), and in spite of increased foreign earnings throughout the industry's product groups, the sector as a whole closed the year heavily in the red. As a result of last year's devaluation, textile manufacturers paid 14 per cent more for their mill inputs and saw their labour costs rise by a third, while the liabilities of failed firms last year represented 10 per cent of sales abroad.

Although the restructuring plans remodel the sector as a whole, what they do not do is improve the financial structure of individual companies. Overall figures for the industry show that a majority of companies in each sub-sector have traditionally generated an average of 60 per cent of their finance internally, and that only the larger concerns tend to have established lines of credit with the banks. This method is untenable in the present climate of high inflation and increasing labour costs, poor liquidity and expensive credit. With internal demand down 11 per cent last year, and the industry operating at slightly under 70 per cent of capacity, in practice this has meant an average of four companies a week suspending payments in Catalonia in recent months.

Neither, in the view of local manufacturers, do the restructuring plans allow the industry to shed the necessary amount of labour. The industry has eliminated 50,000 jobs since 1962, while there are presently some 50,000 workers unemployed out of a labour force of 340,000. Francoist labour legislation was designed to guarantee jobs in return for industrial peace. Not unnaturally, this was one hangover from the dictatorship that the unions were keen to retain, and in the "Moncloa Pact" between the Government and main opposition parties last autumn, while wage increases were pegged to 22 per cent for this year, nothing decisive was resolved about easing the process of making workers redundant.

In practice, many companies taking part in the restructuring plans convert to purely marketing activities, using the production of self-employed textile workers—the *Drapaires*, who despite long tradition in Catalonia, have grown in numbers during the past two years. But the orthodox solution put forward by most industrialists is a change in the law allowing them to put their labour force on short time, compensated by social security payments. This would avoid the cumbersome legal procedures, which, they claim, usually mean that remedial action comes too late, as well as injecting drama into a deteriorating employment situation.

While the relentless tandem of bankruptcy and unemployment clearly requires urgent attention, the Government can at best provide limited protection for the industry, and eventually, manufacturers hope, provide a stimulus for demand by introducing modest reflationary policies. What it cannot do is arrive at a solution without agreement between employers and unions. With the present growth in overall unemployment, and diminishing prospects for redundant workers of finding jobs in other sectors, the unions are not in a position to back the rationalisation of the industry without a say in how it is to take place.

David Gardner

Industry

CONTINUED FROM PREVIOUS PAGE

The tendency now is towards the export of manufactured products such as plastics, chlorides, chemical fibres and pharmaceuticals, all of which have a potentially much wider market, particularly in the EEC.

Yet despite this, the Spanish chemical industry is still far from reaching a technical level that will allow it a gradual substitution of imports. A recent study by a Government department, for example, clearly reflected the persistent backwardness of the sector. It estimated that at the end of 1976, 35 per cent of factory equipment used in Spanish chemical plants was over 20 years old, and that 35 per cent was between ten and 20 years old. It adds that the sector's trade deficit is largely explained by the fact that 20 per cent of equipment has to be imported.

Clearly a number of industrial exports need greater stimulus than that represented by a devaluation if they are to successfully answer the challenge of international competition in the future. The Government has itself recognised the dangerous ground that it might be treading by implementing a stiff stabilisation programme. Because of this it has launched an ambitious programme of export promotion particularly aimed at boosting some of the sectors whose potential for expansion is very great, yet whose lack of technology has prevented them from penetrating large markets.

Construction is one sector, for example, which has been extremely slow in its reorientation towards exports in recent years, particularly in potentially lucrative areas such as the Middle East. The Government has no doubt that in terms of exports of equipment and technicians Spanish construction could have a very positive effect on the balance of payments. The sector has therefore been singled out for special attention in the Government promotion plan.

The construction industry may offer an example of Government goodwill with regard to exports (in contrast to the complaints of Sercobe and AFM). Yet clearly many companies are being left to fend for themselves and find alternative solutions to their problems.

In this respect, the case of Femsa, the leading Spanish electrical concern, is instructive. During the industrial boom that began in the 1960s the company did extremely well. When the recession came, however, it found that it had surplus capacity, and was uncertain whether it could switch this to exports. Its dilemma was that if it did not do so it risksed financial problems resulting from the need to amortize outstanding investments.

Controlling

This situation prompted Femsa to call in Bosch International to take over a 51 per cent controlling stake. In a sense Bosch found itself killing two birds with one stone. Not only did Bosch ensure a large volume of welcome cash and updated technology, but also ensured that Femsa would be integrated into a much wider international network.

What Femsa has done is today reflected on a much more global scale by a large sector of the Spanish motor industry where multinational manufacturers have insured a wide range of international markets for Spanish exports. It is no accident that one of these multi-nationals, Ford, has now become the major Spanish exporter. Femsa might not get as far, though it appears to have pointed in a direction worth following.

Jimmy Burns

Sharp increase in export finance

LOOKING AROUND at their European competitors, Spanish exporters should have little cause for complaint over the extent and availability of export finance. From being a poorly developed facility seven years ago, export finance is now rapidly evolving and is given a high priority by the authorities in their drive to promote exports.

The banking system has also responded well, albeit through mechanisms of official control at times, to provide funds for export and recently to orientate more towards medium and longer term facilities. At the same time the Government has taken steps to broaden the scope of export credit guarantees, and only last month new legislation was approved providing for guarantees to cover political risks.

The evolution of total credit made available for export has trebled within the space of seven years. The rapid growth reflects both accelerated export activity and increased ability to meet export credit demands. The two have gone hand in hand. The main growth came after 1974, when Spain first began to hit slackening domestic demand and the consequent excess production capacity was available for export. Thus total export credit, which in 1974 was Pta 109bn ($1.3bn), rose to Pta 192bn ($2.4bn) in 1976 and jumped almost 50 per cent last year to Pta 287bn ($3.5bn). No other country in Europe has witnessed such a sharp increase in export credit in recent years.

This year the Government has projected a 125 per cent increase in the demand for export credit, fixed at Pta 409bn ($5.1bn). The sector with the largest needs is capital goods. Here officials have projected an increase in the demand for credit of 73 per cent to Pta 213bn ($2.6bn). This is 52 per cent of total expected export credit.

During the past seven years there has been an important change in the structure of export finance. In 1971 the statutes of the Banco Exterior de Espana were altered, and the State took a 62 per cent stake with the object of using this institution as a major instrument of export promotion. Since then Banco Exterior has progressively taken a larger load of total export finance, moving from 18 per cent in 1973 to 47 per cent last year, with a corresponding decrease in the role of the private banks.

EXPORT CREDIT FINANCING 1977-78, Peseta bn

		1977	1978*
1	Official credit to Banco Exterior	17.6	40.8
2	Obligatory contribution Banco Exterior	11.3	9.5
3	Obligatory contribution private banks	42.3	25.0
4	Bank of Spain special credit	25.0	—
5	Obligatory contribution savings banks	—	28.0
6	IMF credit	—	9.6
7	Other sources	—	12.9
	Total	96.2	125.0

* Projected.

Private

Banco Exterior regards itself as a private enterprise and is another example of that curious Spanish phenomenon—a company or institution with substantial state participation which operates with state assistance yet as a private enterprise. As a result Banco Exterior utilises funds from its own clients' deposits and acts as the prime channel for official credit.

Banco Exterior is obliged to set aside 30 per cent of clients' deposits to cover export finance. Last year, for instance, it covered almost 30 per cent of its export finance activity from its own resources—a percentage that fell slightly from that of the previous year as the proportion of official credit increased. This year the proportion will be substantially smaller, but will be compensated for by a doubling of official credit to Pta 40bn ($500m). The authorities have also dropped the practice of special grants to Banco Exterior from the Bank of Spain, a device employed in 1977.

Traditionally the Government has also relied upon the private banks to mobilise export finance via levels of obligatory funding, based on a given percentage of deposits. This percentage has remained fixed at 3 per cent of total deposits and has been part of what is known as "the privileged circuits"—funds that banks are obliged to set aside for use in Government-directed areas at low interest rates. To mobilise further funds this year the Government has decided to tap the savings banks, which account for roughly one-third of total deposits in the Spanish banking system. By imposing a special obligation on the latter to set aside 1 per cent of deposits for export finance, an additional Pta 28bn ($350m) will be mobilised. It is also possible that the Banco Exterior will issue bonds or borrow abroad.

These obligatory proportions of deposits that the banking system provides for export are an important instrument of export promotion. By general consent interest rates on export credit in Spain are below the European average—and largely thanks to this system. Eventually the system itself will have to change if the Government is serious about liberalising interest rates. But at the moment it means that there is a proportionately large quantity of official and "semi-official" credit available in Spain than among its main competitors. Bank credits for terms of two to five years are controlled and kept to a 7.75 per cent ceiling to developed countries. Though enjoying an advantage at this level, only in the last two years has medium and long-term finance at preferential rates begun to match Spain's competitors.

Medium and long-term finance for suppliers now accounts for 34 per cent of total export credit, while similar finance for buyers credits to purchase capital equipment account for 16 per cent. The private banks are primarily concerned with financing short-term credit. Last year, for instance, only 25 per cent of their total export credit went on medium and long-term financing of suppliers' credits, and only 2 per cent was on financing buyers' credits. The Banco Exterior on the other hand devoted 43 per cent of its financing to medium and long-term suppliers' credits and a further 31 per cent to buyers credits. This would now seem to be the accepted pattern.

Banco Exterior has decided to increase both the share and proportion of overall finance to buyers' credits. The latter in 1977 increased Pta 26bn ($320m) to Pta 41bn ($512m). In its annual report the bank notes that exporters have shown a clear preference for this type of credit arrangement. This also fits in with official policy of opening up specific credit lines on a country by country basis, a task allocated to Banco Exterior. Up to the end of 1977 Banco Exterior had opened up credit lines worth $973m with eight countries. These credit lines included $221m with the Algerian Banque Exterieure d'Algerie (the largest), a $150m credit for the Banco Nacional de Desarrollo in Argentina and $100m with the Moroccan Finance Ministry.

R.G.

Growing foreign stake

A RECENT survey on the top exporters in Spain showed that 11 out of the top 20 were companies in which foreign groups had important shareholdings, if not majority control. The increasing presence of foreign capital in Spain's principal exporting companies is one of the most outstanding features of Spanish exports. Two other features are equally important: first, the relative weight of agricultural goods both in volume and money terms is on the decline; second, the European market and Spain's North African neighbours continue to provide the major outlet for Spanish goods.

Over 30 per cent of the country's exports are directed at its immediate neighbours — France, Italy and Portugal in Europe and Algeria and Morocco in North Africa. Of these France is by far the most important trading partner, accounting for 16 per cent of total exports. This situation would seem to be less out of conscious policy and more a question of geographical proximity and convenience of markets. As a whole Europe (EEC and non-EEC countries) absorbs 58 per cent of total Spanish exports.

Largest

Since the early 1960s the EEC has formed the largest trading block for Spanish exports, accounting for on average 36 per cent of total exports. On enlargement of the Community this percentage increased and now stands at 46 per cent. If present trends continue, Spanish membership of the Community and its enlargement to include Greece and Portugal could by the mid-1980s bring this percentage to between 53 and 55 per cent.

While the proportion of Spanish exports absorbed by Europe, including non-EEC members, is likely to remain fairly constant in the short term, the relative importance of the U.S. market and even Latin America could decline. This is the result of penetration of new markets in the Middle East, especially Saudi Arabia, the Gulf states, Iran and Iraq, plus increased trade with Algeria and Morocco and a bigger slice of some African markets such as Nigeria. Exports to the Middle East have increased in the past five years, though not as sharply as to other European countries like Britain, France, Italy and West Germany. But the latest figures suggest that having started slowly in the Middle East oil producer market, Spain is beginning to make up for lost time. Exports to the Middle East now account for 8 per cent of the total. Against this the U.S. market now only represents 9 per cent of total exports, and Latin America, where Spain has important trading and cultural ties, accounts for just under 10 per cent—the main partners being Argentina, Venezuela and Mexico.

PRINCIPAL EXPORTS, Pta bn

	1973	1974	1975	1976	1977
1—Foodstuffs	90.6	101.1	100.6	134.3	168.2
2—Minerals	4.5	7.6	11.4	14.4	24.4
3—Petroleum products	14.3	27.7	14.6	21.9	29.0
4—Chemicals	22.9	43.3	39.4	51.7	73.2
5—Leather/hides	7.5	9.6	9.9	13.0	16.3
6—Wood/cork	5.3	6.9	6.6	8.1	11.7
7—Paper	10.1	15.1	16.1	20.1	26.0
8—Textiles	16.6	22.5	22.5	30.9	43.4
9—Glass/pottery	5.4	8.1	9.8	12.1	17.2
10—Metal products	32.2	38.0	55.2	79.0	102.9
11—Capital equipment	29.2	44.9	53.5	68.7	93.2
12—Transport					
Cars, trucks, tractors	16.7	21.0	32.1	40.1	74.4
Ships	16.1	22.6	23.4	30.1	24.6
13—Others	28.4	37.7	43.0	55.4	66.0
14—Total	302.7	408.0	441.1	583.2	775.2
15—Total, excluding Foodstuffs	212.1	306.9	340.8	448.9	607.0

Industrial products now account for 78 per cent of total exports. This represents an increase of 8 per cent in five years, and when measured over the past decade is a very considerable change. Agricultural exports have declined in corresponding importance to 22 per cent of the total value of exports. Given the depressed state of domestic demand for industrial products, which has obliged industrialists to seek export outlets, the current weight of industrial goods in the overall export picture is disproportionately high. Nevertheless the trend is clear enough.

The main growth in industrial exports has come from three sectors—the automotive sector, chemicals and capital equipment. Within five years the automotive sector has raised its share in overall exports from 5.5 to 9.6 per cent. This can be explained by the establishment of the Ford plant at Valencia geared for large volume export and the increasing use by other motor manufacturers of Spain as part of their multinational operations. Also machine tools have done particularly well, proving that Spain, operating with competitive prices, can carve out a niche for medium technology exports. The one industrial export which has declined in relative importance is that of ships, dropping from 5.3 per cent of total exports to 3 per cent in five years. But this primarily reflects the world-wide slump in shipbuilding and slack international demand.

Evident

The presence of the multinationals is most evident in the automotive sector, and is all the more obvious because of the strength and performance of this sector. Seven out of the first 15 major exporting companies are exporting either cars, trucks or tractors. Of these Ford, Renault, Chrysler, Seat and Citroen have a significant foreign equity, and all depend on imported technology. It is also significant that of other major exporting companies in strategic sectors like steel production, aircraft construction and electronics, foreign companies and foreign technology are much in evidence—for instance, ITT has a 65 per cent controlling stake in Standard Electrica (Electronics), U.S. Steel has a 27 per cent direct stake in Altos Hornos de Vizcaya (steel), Northrop has a 20 per cent stake in Casa (aircraft construction). All these are companies in the top 20 exporters.

Historically Spanish exports have depended upon small and medium sized companies. The increased preponderance of international companies utilising Spanish subsidiaries or controlling stakes and minority interests as part of multinational operations is a trend that is likely to increase. This is essentially because they have better access to technology and because they possess a well developed chain of international outlets. It would be wrong to belittle the efforts of Spanish-controlled companies because they still make up the bulk of the Spainsh export drive. Yet clearly a policy decision has to be taken on the desirability of linking the Spanish export performance increasingly to the activities of international companies.

The Ministry of Commerce estimates there are a total of 30,000 companies involved in exports. But of these no more than 7,000 are considered active exporters: in other words companies which have a determined export strategy and regard exports as an essential item in thet balance sheet. The Ministry has set itself the task of seeking to convert these 23,000 occasional exporters into active exporters. This will require a determined campaign to make contact with the thousands of small companies, assuring them both of the benefits of exports and the kind of export back-up facilities that the Government can provide. It will also require better organisation of sectorial associations.

For instance, in the field of agricultural exports, there are 499 different groups exporting. However, of these 365 are exporting 3,000 tons of produce and less each year. Put another way 70 per cent of the agricultural exporters account for only 30 per cent of total agricultural exports. Some would argue that the smallness of such operations, whether in the agricultural or industrial field, has enabled Spanish exporters to save on overheads and be more dynamic. This may have been true, but with a sharp rise in overheads in the past 18 months and a growing need to co-ordinate marketing strategies, the traditional reliance on such an individualistic approach is no longer so valid.

R.G.

Glyndebourne

Così fan tutte by RONALD CRICHTON

The third of Peter Hall's Mozart productions at Glyndebourne, a *Così fan tutte* sponsored by National Westminster Bank, was warmly welcomed at the first performance on Sunday. Whether or *not* this opera receives or needs the degree of independent, perceptive, ungimmicky, intensely musical approach which Sir Peter so effectively directed on to *Figaro* and *Don Giovanni* may be open to question. What is certain is that the time was ripe for a major production which would confound equally the Victorian view that *Così* is trivial or immoral or both and the later exaltation of the opera as an almost perfect work of art with many layers of meaning. *Così* has been nearly buried under commentary: the first merit of the new Glyndebourne version is that one can look and listen afresh.

The producer's work and the designs of John Bury belong together. Nobody, presumably, still treats this opera as a frivolous piece, yet some designers still deck it out with frivolous designs: it has suffered particularly badly *from the nasty* brand of curly-wurly hotel-rococo to which opera houses in German-speaking counties are addicted. Bury's sets are not like that. The *basis is solid architecture: high* arches, thick walls and, one feels, ancient, well-trodden stone floors—the slumbering, seedy Mezzogiorno with the sunshine outside excluded as much as possible. Fortunately Northern efficiency ensures that everything is meticulously worked out—such interior to exterior changes as are required go smoothly, without haste but also without waste of time.

The colour is dull. There is a point in making *Ferrando and* Guglielmo's disguises the focus of attention (and the disguises are unusually complete and convincing, with the dark one becoming fair and vice-versa) nevertheless it is the sisters of whom the audience sees most, and their costumes, mingling the worlds of Jane Austen and Kate Greenaway, don't quite hold the centre of attention. The subdued, washed-out shades neither please nor melt into the background—the hues of Neapolitan cassata may have been intended but the result is more like stale marzipan. Robert Bryan's discreet lighting could possibly do more to warm things up.

Hakan Hagegaard, Bozena Betley, Stafford Dean, Maria Ewing and Max-Rene Cosotti

Such details matter more than usual because the producer interests one immediately in his characters. The two girls are rather silly, their heads full of romantic notions, cliches and tags, nice enough at heart. Fiordiligi is blonde, pretty, outwardly *determined but inwardly* uncertain: Bozena Betley makes her recitatives vivid and sings her arias correctly but one-dimensionally: so far the reading *is incomplete. Dorabella as a jolie laide* brunette with a turn for tantrums — Maria Ewing's "Sinani implacabili" brought the house down, and her performance as a whole gained both in comedy and musical tension from the way she controlled a strong voice full of sap. Nan *Christie's Despina started as a* rough scold but grew into a competent portrait of a down-to-earth housekeeper with no airs or graces, more Portobello than Posilipo.

The officers, still young enough to be puppyish, are Max-René Cosotti and Hakan Hagegaard. Mr. Cosotti, the Fenton of the Glyndebourne *Falstaff*, has a voice larger than that role needed. His Ferrando is sung with tangy forward timbre, much more Mediterranean than Viennese or English but lively, intelligent and keenly phrased. Mr. Hagegaard's Guglielmo is the quieter of the two, sympathetically *sung, the right foil for a* bouncing Dorabella: both in the wider view and in the context of this cast the producer was right to return the boys at the end to their original partners. The Alfonso is the admirable Stafford Dean, not the avuncular type *quizzing* from a distance, but more an elder brother standing close to the intrigue, watching carefully, less of a cynic than a civilised mentor.

The seal of excellence is set by the conducting of Bernard Haitink, crisp and lithe, taut without being over-driven. The *absence of rushing in the over*ture, which some conductors reduce to the level of musical chatter, was a good omen. There were *miracles* of exact, transparent balance between stage and pit—the terzetto "E voi ridete" just before Ferrando's "Un aura amorosa" being one of them.

To point to the seductive wind playing in the serenade scoring in which this score luxuriously abounds is not to disparage the London Philharmonic strings—with playing as good as this one doesn't notice the habitual dryness. On the stage thorough *coaching ensured the clarity and* certainty of ensemble for which Glyndebourne at its best is famous: the Fiordiligi was not the only one to make the recitatives unusually expressive.

National Heritage

Fighting for the Land Fund

For long there was no export control *on works of art*, and beauty passed to and fro across the continents according to who had most money. Then, a quarter of a century ago, Englishmen who loved their native beauty to stay in this country (and for that matter, anyone else's beauty once it had been domiciled here) persuaded the Government to institute a system of export control. At one of the consultations that preceded this, the then Chancellor of the Exchequer attended with his train of officials. When all were seated, he began: "Well now, gentlemen. Let's declare ourselves. Who's for art, and who's against it? Let those against it raise their hands." So saying he raised his own hand.

What honesty! One knew where one stood. Not like now. In the last weeks I have spent time groping amidst the convoluted technicalities of evidence (all 342 pages *of it*) *of the Third* Report from the Expenditure Committee of the House of Commons (HMSO £5.10), entitled *The National Land Fund*. It is a mystery story, in which, though the identity of the assassin is revealed fairly early on, the corpse is never entirely satisfactorily found. In fact, the reader has to refer back constantly to the beginning to remind himself that the victim ever existed.

Inarguably, however, there, at the beginning, it is (was). The National Land Fund was proposed by an earlier Chancellor who seemed to be, if not for art specifically, nevertheless for the *National Heritage. In 1946, the* Fund was set up with a capital of £50m issued out of the Consolidated Fund. With it, the Treasury was from time to time to reimburse the Inland Revenue for money of which the *latter* was held to be deprived when land and houses were accepted by the nation in lieu of tax. By 1956, the Fund's provisions had been extended to embrace works of art so accepted. In the meantime, any call at all on the Fund had been fairly rare, while in the enclaves of the Treasury, the Fund itself had become the object of metaphysical or *theological debate. Its essence,* its very existence, was in doubt. In 1957, the then Financial Secretary (a former professor of Greek, deeply versed in the subtleties of sophistry) was able to announce that the Fund when not in use is "not merely inert; it is absolutely non-existent." *The Commons, impressed no* doubt, shrank the Fund from £50m to £10m. By 1978 it has climbed again to £18m or more, but still gives cause for concern to the diagnosticians. Last year, a Parliamentary Under-Secretary of State, Baroness Birk, meditated that "The Fund seems rather mythical: it comes and goes; it is there, and it is not."

Entertainment Guide is on Page 10

Difficulties for those (the Nation) who wished to use its provisions for the end for which they were intended, certainly existed. Having discovered what it was, or where, or any rate ought to be, it remained elusive. Nor was it exactly publicised. In *the sixties, nothing at all* in the way of works of art were accepted in five out of the ten years. Only in the seventies have a handful of individuals, inspired by a divine rage, gone questing for it: a pursuit often as beset with hostile knights, dragons, etc., as that for the Holy Grail itself, but now narrated in this Report.

The legend of the National Land Fund has indeed its bizarre side, escalating at points into farcical flights of fantasy. The Treasury seems doomed as precast as the villain, agent of darkness. The civil servants, deep in their dugouts on the *defensive perimeter* of the shrine of the virgin Public Money, do not look well when the lid is removed and the searchlights of the Committee are brought to bear. *They* juggle with definitions: the Fund becomes no more than "a mechanism to facilitate the kind of transaction that had already been possible under the 1910 legislation." In at least one case, they quite clearly ignored the stated wish of Parliament.

Parliament itself though, our *elected representatives, don't* come out all that well either, and that brings us back to our own ultimate responsibility, for we do elect them and also eject them if they displease. The trouble is that so far the record of either of the political parties at present available is equally dismal on the Land Fund Front. It has fallen to the lot of self-appointed watchdogs (including to their great credit, a few MPs) to become involved. For them, this has meant spending time, in some case the equivalent almost of a normal career, probing, writing, arguing, pressing. They incur odium: they risk condemnation as bores or cranks; they are unthanked, and quite certainly unpaid.

Rich and strange material is stored in this Report, meat perhaps for satirical drama by *John Arden, for a novel* by Nigel Dennis in the vein of *Cards of Identity*, even for a master choreographer like Kurt Jooss of the *Green Table*. But this is also the story of a betrayal so mean, petty and shabby that as a nation we must be profoundly ashamed. Dalton's original vision was that the flower of the Fund should be "a thank offering for victory, and a war memorial." The dead of 1939-45 have anyway not had a very sumptuous deal, so often slotted in, as a condensed, package coda onto the lower portions of the granite of 1914-18 memorials, as space available might permit. Had the Land Fund (£50m in 1946 is equivalent to over £200m now) been exploited as its initiators wished, the 1939-45 memorial would now shine, vital and ever increasing, like jewels all across the texture of this island. The sanctity of public money far surpasses that of the English dead.

The recommendations of the Report are clear, positive and practicable. If acted upon by Parliament, they will go far to remedy the situation if not to make good losses already sustained. But will they be acted upon? The public has with reason become cynical about the fate of Reports whether of Select Committees, Independent Enquiries, Commissions, etc. *They* have noted the Government taking note and no action. It leads to perilous totalitarian fantasies: if only, for example, we could have a one-off Napoleon of the arts, a British version of Malraux even, for a strictly limited tenure of a year or so . . .

DAVID PIPER

Old Vic

Serious Sullivan

Arthur Sullivan having been born in Lambeth, it was appropriate that the Lambeth Summer Festival should have presented last night what must have been the most substantial selection of Sullivan's "serious" music to have been professionally performed for many years. Some of the initiative seems to have sprung from a body called the "Sir Arthur Sullivan Society," a title the composer would have cordially disliked. He repeatedly instructed concert promoters that his works were to be billed as "By Arthur Sullivan," without the "Sir."

The Society, such as it is, seems to be mainly a vehicle for the conducting career of Joseph Pilbery, who shared last night's *direction of the London Mozart* Players with Harry Blech, that orchestra's regular conductor. Minimal rehearsal and the participation of a feeble-toned choir (the London Chorale) were not the best way to make unfamiliar items convincing. Moreover, many of the audience must have *wondered* why Sullivan apparently wrote eerie, stormy music for *The Merchant of Venice* and jaunty Mediterranean dances for *The Tempest*—not having realised that Mr. Blech, without announcement before or afterwards had switched the order of the items.

The Tempest, numbered by Sullivan as his Opus 1 and written while he was still a student at Leipzig, is by far the deeper and the more interesting score — a gifted young composer's attempt to parallel, in a vocal and orchestral sequence, the *Midsummer Night's Dream* music of Mendelssohn. (Mendelssohn and Schumann are among Sullivan's strongest influences.) *It was a pity that we heard such* a restricted selection of the *Tempest* music—no vocal items, not even "Where the bee sucks," although April Cantelo was participating elsewhere in the programme and could have sung it.

The main interest in the three items selected from the music to *The Merchant of Venice* (written for a production of the play in Manchester in 1871) was in hearing a foretaste of "Never mind the why and wherefore" seven years before *HMS Pinafore* was to set sail. An overture to *Macbeth*, written for Henry Irving's production in 1884, was the *feeblest of these Shakespearean* pieces—self-satisfied and unmemorable music of mere routine pomp, with hardly a hint of the tragic and sinister side of the play.

Mr. Pilbery steered competently through the choral part of the concert, in which April *Cantelo was confident* in high B flats but not always powerful enough in tone. Two slow and stodgy choruses from *The Golden Legend* did not make the best case for that long, narrative work which still needs a complete, professional revival.

ARTHUR JACOBS

Niagara-on-the-Lake

Shaw and others

The Shaw Festival at the enchanting little Canadian town of Niagara-on-the-Lake also believes in the principle of seasoning its products with varied flavours. This year's offering contains two Shaws, *Major Barbara* and *Heartbreak House* (which opens shortly), and two contrasts, Ibsen's *John Gabriel Borkman* and a lightweight musical made out of Mrs. Braddon's *Lady Audley's Secret* by Douglas Seale.

Borkman and *Barbara*, which I *saw on the same day, emphasise* sharply the effect of a director's work on a malleable company. *Borkman* is directed by George McCowan as if it were a piece of Victorian Gothic horror in the manner of Mrs. Braddon's sensational novel. Peals of thunder introduce the scenes, and as the *stage lights go up we see through* the walls of Michael Eagan's sets skies of merciless storm-cloud, though the rooms take on a proper solidity once the business begins. There is a special meteorological horror in Act Four, which takes place in the open. Storm-clouds drift *both ways at once*, looming inwards from the wings to create, no doubt, a chrono-synclastic infundibulum at the centre upstage.

Douglas Campbell, in the name part, has donned Ibsen's own grey hair and beard and thunders out his dialogue like an old-time hell-fire preacher, brandishing his clenched fists and making such a noise that his estranged wife (Frances Hyland) would surely have come upstairs far earlier to *find out what on earth, or out of* it, was going on.

Borkman played like this is in terrible danger of seeming like nonsense. The behaviour of both the old swindler and his icy-hearted spouse is so outrageous that it must be given every ounce of probability. Mr McCowan is *based in California*, where for some time he has been engaged among other things in directing soap-opera for television. He must now learn again the art of sounding his trombone *con sordino*. Perhaps one of the first steps would be to ask Miss Hyland not to drop to all fours when she makes her plea for Erhart's loyalty at the Act One curtain.

Look on this picture, and on this. Douglas Campbell's great craggy face now tops the neatly frock-coated figure of Andrew Undershaft the armaments millionaire in a lively production *of Major Barbara under Michael* Meacham. (It is said to be updated to 1936, but the only change is in the clothes.) Betty Leighton, having boomed her heart out over her errant brother-in-law John Gabriel (she took over Ella Rentheim at short notice from Kate Reid, *aegrotat*), is a perfect English lady as Lady Britimart, exact in every gesture. Tom Kneebone, who could not suggest much more than a zero with a Welsh accent as Borkman's stooge Foldal, comes to happy life as Adolphus Cusins, the professor of Greek who follows Barbara Undershaft into the Salvation Army for purely fleshly reasons and ends up as head of the armaments industry.

The Major herself is taken by Janet Amos, who ensures that she is not too charming—as conceivable a Major in the Army as in the Salvation Army. In the final scenes, where she and her father trade philosophies at length, Mr. Meacham allows her right downstage to put her contribution direct to the audience.

The act in the West Ham hostel is peopled with a pretty convincing set of Cockney down-and-outs, considering how bad Shaw was at writing Cockney speech. Mary Haney, who plays Saint-Saëns to an unappreciative Borkman before eloping with his son in the other play, is a very *moving Jenny Hill, recovering* valiantly from her bashing to march away with the Army to the music of Donizetti, to which Mr. Campbell offers no help on his tenor trombone.

At the little Court House theatre, this year's contribution is the musical *Lady Audley's Secret*. Douglas Seale's adaptation has music by George Goehring and lyrics by John Kuntz that are basically in the style of old music-hall with a *pinch of Sullivan. They only* succeed in holding up the action, for their words serve no function beyond supporting the notes. The style of playing depends wholly on the easy mockery of Victorian melodrama that exaggerates what anyone can see is wrong without searching for what is right.

B. A. YOUNG

Lewis Carroll photography

Alice in Philadelphia by FRANK LIPSIUS

Lewis Carroll bought his first camera ten years before he became famous as the author of *Alice in Wonderland*. The book seemed almost incidental to a life in which, Carroll describes, "photographing from life—and especially photographing children—has been . . [my] one *amusement for the last 20* years." Two years after writing about his life that way, Carroll stopped taking photographs altogether, creating a mystery that has not been adequately explained since. He had many of his photographs destroyed, and it is only through luck that the *Rosenbach Museum in Phila*delphia got four of the works destined now to throw new light on unfathomed Lewis Carroll/Charles Dodgson.

Not surprisingly, young women were Dodgson's favourite subjects. Alice Liddell herself sat for him, as did a number of girls *whose "innocent unconsciousness* is very beautiful, and gives one a feeling of reverence, as at the presence of something sacred." Thus did Dodgson describe to their mother the experience of photographing two girls in the nude, or, as he put it in another letter to the same *mother*, "*in any amount of* undress which is presentable, or even in none (which is more presentable than any forms of undress)." Such work was done with their parents' explicit permission, and Dodgson wrote rather formal letters to explain what he intended to do, with or without the "encumbrance of dress," as he put it.

While never doubting his own innocent motives or being reluctant to ask parents' permission, *Dodgson still realised the world* may not have seen it the same way. Only from correspondence and diary entries do we know that more than a hundred photographs of nude girls were taken, and only four survive his attempt to extirpate the evidence of this activity. He destroyed as *many as he could and instructed* the executors of his estate to do the same.

The four extant works were copies Dodgson gave his subjects and join a collection of Dodgson memorabilia that seem perhaps strange to be in Philadelphia, but no more so than other items in the same collection, like numerous Caxtons, a Gutenberg Bible, Shakespeare folios and Joyce's manuscript of *Ulysses* (bought for only $1,975 in 1924). The Rosenbach Museum preserves most of the collection of one of America's great bibliophiles, who made his purchases in the 1920s from such collections as those of *Sir Thomas Phillipps*, Lord Aldenham and the York Minster. (The purchases from the York Minster, including four Caxtons, two of them unique, brought Dr. Rosenbach notoriety as the perpetrator of the "Rape of York," showing a concern even then that British treasures were being *dispersed* abroad.)

Ironically, the Dodgson photographs were acquired in 1957 and 1959, more than five years after Rosenbach's death, but he left the museum resources to enhance the collection as he would have *done. The present exhibition* commemorates the 50th anniversary of another event that brought Rosenbach international attention—his acquisition in 1928 of the original *Alice* manuscript for £15,400. He sold it then, but bought it back again after the war with a consortium of wealthy *Americans to give to the British* Museum in appreciation of Britain's sacrifices during the war.

The four photographs, as the present administration of the museum recognised, would have been important for Rosenbach to have. One portrays a pensive *little blond, her knees up against* her body, sitting on a rock surrounded by blue sea. Another shows two little girls staring out *to sea as a boat sinks in the* distance. Dodgson later appended to a letter to their mother (they were sisters): "*Love to the two Misses Robin*son Crusoe, who seem to be rejoicing that the wreck is an empty one, and they may have their dip undisturbed." The third shows a little girl in the woods with a gipsy encampment behind her and lilies in the stream in front of her. All of these conform to the highest standards of Victorian morality. Modesty *is* assured *by* the subjects' sitting position or, in the shipwreck scene, by a fern emerging miraculously from the rock against which the girls stand.

All the photography was done in Dodgson's studio, then sent to an artist where the imaginative background was added, probably from a suggestion by Dodgson. The girls were transcribed on a piece of watercolour paper from Dodgson's print underneath. His favourite artist was Anne Lydia Bond, who did all but one of the extant works. As a letter reveals, Dodgson recruited the artist by appealing to one co-operative mother to *intercede for him*: "I should very much like, if possible, to get Miss Bond, of Southsea (the best photographic colourist living, *I* think) to colour a copy. But I am shy of asking her the question, people have such different views, and it *might* be a shock to her feelings if I did so. Would *you* kindly do it for me? However particular she may be, I don't think she could reasonably take offence at being asked the question by a lady, and that lady the mother of the child in question."

The fourth of the extant photographs shows a little girl lying stretched out on the ground with her hands held up *over her head in a full frontal* pose. Again there is a bucolic scene stretching out, here to a rosy sunset. The picture is painted on two piece of glass, which is not illuminated in the exhibition, but apparently gives off a warm glow when lit from behind.

*Dodgson stopped taking photo*graphs abruptly in 1880 with no explanation other than that he disliked the new dry plate technology, which that year supplanted the messier but more precise wet collodion plate. He seems to have wanted to take more photographs but did not get *round to it, an intention that* makes Dodgson defenders assume he stopped completely voluntarily. Others speculate that one *subject's* parents objected and he decided not to risk asking anymore or that he proposed to marry Alice Liddell and this changed people's attitudes toward his innocent endeavour.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000

Tuesday July 11 1978

Outlook for prices

THE DEGREE of success which the Government has achieved in bringing inflation under control is bound to play an important part in an election campaign that seems likely to be dominated even more than usual by economic considerations. At the same time, recent experience of price behaviour is bound to colour expectations about the behaviour of prices in the future and so to affect attempts by any future government to impose some restraint, however lax and voluntary, on the movement of wage claims in the year ahead. The various price indices that will be published in the next couple of months, therefore, will deserve and obtain more attention than they would enjoy at a less critical time.

The wholesale price figures for June which were published yesterday are reasonably encouraging so far as the immediate future is concerned. Manufacturing output prices for the home market, which feed through fairly quickly into the movement of retail prices, rose by only ½ per cent during the month. The average rise for the past three months has been 2 per cent, only slightly more than in May, and for the past six months 4¾ per cent, against 4½ per cent in May. Measured over a whole year, the increase in the index (now 9 per cent) has fallen for 11 months in succession.

Little change

So far as the immediate future goes, therefore, it seems probable that the rate of inflation—about 7¾ per cent a year at the latest count—will stay fairly close to its present level for some months to come. The Prices Secretary, Mr. Roy Hattersley, has already claimed this probability as a statistical fact that will hold good to the end of the year. Although the factual element in this claim rests partly on the accident of last year's month-to-month fluctuations and the corresponding fluctuations in this year's comparisons, and although various outside forecasters have suggested that the rate of inflation will be rising back towards double figures by the end of 1978, Mr. Hattersley is probably not sticking out his neck too dangerously far. Until the autumn, at any rate—and few politicians are thinking at the moment far beyond the autumn—the UK rate of inflation seems likely to remain fairly close to that ruling in other industrialised countries. That is undoubtedly a considerable improvement on the experience of three years ago, when the annual rate of inflation rose to a peak of well over 20 per cent.

Whether or not the inflation rate can be held at its present level much beyond the turn of the year, however, is another question altogether. The starting-point towards answering it, on present information, must be the movement of the prices which industry is paying for fuel and raw materials and which will not affect output and retail prices for some time to come.

Earnings now

Here, too, the June index is fairly encouraging when considered in isolation. The rise for raw materials (other than food and tobacco) was only ¼ per cent in June; over the past three months the average rise has fallen, and the average price paid for fuel and raw materials over the past 12 months has actually fallen a little in absolute terms. This result is due to two separate factors—the dullness of many commodity prices caused by the slow growth of world industrialised output and the performance of sterling against other currencies, especially (in the case of oil) against the dollar.

There seems relatively little prospect of an upsurge in world manufacturing activity large enough to cause a sharp and early rise in commodity prices as such. The possibility of a rise in their sterling price, on the other hand, is not to be ruled out. If average earnings per unit of output do not rise much more slowly in the next round than they have in this, the exchange rate will be affected even more quickly than the balance of trade, and there will be a twofold upward pressure on prices. It is to be hoped that present experience of a sharp improvement in real purchasing power, combined with continuing monetary restraint, will count for more than the vague exhortations to be expected in the run-up to an election.

An interview with West Germany's leader

Chancellor Schmidt raises his own curtain

By JONATHAN CARR, Bonn Correspondent


Terry Kirk

WHICH qualities do people particularly associate with Chancellor Helmut Schmidt, host next weekend to the western economic summit conference in Bonn? Probably toughness and diligence — possibly ruthlessness. Few would suggest a spirit of compromise. Yet it was this quality which emerged most strongly in an interview which Herr Schmidt gave the Financial Times during which he ranged over topics to be dealt with at the summit as well as Germany's relations with its partners.

That does not mean that Herr Schmidt has gone soft, that he will be easy prey for anyone probing for a unilateral concession. The old steel is still clearly there. But in his four years as Chancellor Herr Schmidt has evolved, and the public image of him has not kept pace. The highly able former *Defence* and *Finance* Minister with a short temper and a sharp tongue has become an elder European statesman with greater, but quieter, authority. It is tempting to compare him with West Germany's first Chancellor, Dr. Konrad Adenauer — except that Herr Schmidt has had the chance to assemble far more specialised economic and financial knowledge than his predecessor.

The need for compromise — from everyone — was both the first point and the last which Herr Schmidt stressed about the summit. His view is that national economies have become inter-dependent, that the three previous summit gatherings (Rambouillet, Puerto Rico and London) have helped complementary national economic policies to emerge — and that there is a reasonable chance that the Bonn meeting will do the same.

Each of the seven participating nations — the U.S., Canada, Japan, Britain, France, Italy and West Germany — has a particular contribution to make on the main, inter-related topics: energy, currency stability, economic growth, trade protectionism and North-South development issues. Here is the origin of the "package deal" idea, which Herr Schmidt accepted "insofar as, from the political point of view alone, no one can be ready to make a concession in one field if he does not receive in another something he urgently needs."

Very high on Herr Schmidt's list of urgent needs is action by the U.S. to curb oil imports. He gives the strong impression that if nothing happens in this field, then little of value can emerge elsewhere in the package. He carefully avoids throwing down the gauntlet in front of President Carter—"nobody in the world *must* do anything, particularly not the President of the United States." But he sees the huge increase in oil imports as swelling the U.S. deficit, weakening the dollar and adding to American domestic inflation. "In my view this is the most important single source of upheaval in the worldwide network of trade and payments and it should be corrected."

Asked to describe his relations with the President, which were greatly strained in Mr. Carter's first months of office, the Chancellor paused, gave a slight sigh—and then pronounced them "very good." Besides, personal relations were not the key factor. What really counted was the will and ability of leaders to reach a just compromise.

If one key to dollar stability lies in U.S. energy and anti-inflation policy, another lies, in Herr Schmidt's view, with the Europeans themselves. Action on one side of the Atlantic can complement and support that taken on the other.

He does not accept that the origin of his plan for a wider zone of currency stability in Europe really lies either in the recent dollar weakness or in the fear of the rise of the D-Mark as a reserve currency. Two, basically simple, ideas lie behind the scheme. The first is that "the lack of such (currency) stability has been a main factor in the structural upheaval of the world's economy since the early 1970s. I think domestic monetary stability and international currency stability are two absolute necessary conditions for continuous growth." The second is that "the heavier the weight of a basket of (European) currencies vis-a-vis the dollar, the less rewarding does it become to speculate against the dollar."

The last point underlines part of what is at stake following last week's agreement by the European Community Council in Bremen to push ahead with detailed study of a new European monetary system.

The object is to take a decision in December to set up the system and to bring it into operation at the start of next year. Herr Schmidt is cajoling neither Britain nor Italy, both of which have reservations, into joining in at once. But he is saying that, the more currencies are involved (clearly sterling is highly important in this respect) the greater the benefit not only for the Europeans but also for the Americans. The Chancellor has already said publicly that President Carter expressed support for the European currency efforts before the Bremen meeting. Other sources say the President has again done so by telephone to Herr Schmidt since agreement was reached to move ahead on the monetary plan.

It is clear that more is involved here than a new currency — or monetary — system alone. The thinking behind the plan is that European nations have the chance to take their economic destiny in their hands by acting together to achieve more currency stability, more continuous growth, and therefore more secure jobs (and by implication less insecure governments).

When the British Prime Minister, Mr. James Callaghan, said in Bremen that the monetary aspect was only one of several important issues — such as transfer of resources — which would have to be seriously examined, he was not basically contradicting Herr Schmidt. But it is likely (it would be odd if it were not so) that the two leaders have rather different views about just who should benefit most from such a transfer.

Fledgling fund

The Bremen guidelines for the monetary system, as published, include the concept of credit from a fledgling European monetary fund to be granted in a way similar to that of the IMF — that, successive tranches would be subject to increasingly tough conditions. But in his interview Herr Schmidt went beyond this, saying the new system might also involve the European Investment Bank — already an increasingly important instrument for transfer of resources in the Community. "You will, for instance, be tempted to draw some parallel between the IMF and the World Bank in Washington," the Chancellor said. The temptation is irresistible and the implications far-reaching. They raise the serious question of whether a European Community country can afford not to be inside the system from the start — a point which Herr Schmidt made, albeit with considerable delicacy.

This European plan is not up for detailed elaboration in Bonn —which will not, of course, prevent those Community leaders present from discussing privately their hopes and fears in connection with it. It can, however, be presented as a European contribution to the aim of economic upswing in price stability which all participants desire.

The German view is that only if that aim is achieved can necessary changes be wrought in industrial structure and the danger of trade protectionism held at bay. It is, after all, possible that the multilateral trade talks in Geneva will not have reached the desired result by Saturday evening as hoped. Nonetheless, the German side in Bonn will be urgently putting the anti-protectionist case and seeking firm support from its partners. Herr Schmidt put it this way:

"I think in many fields the trend to protectionism stems from an inclination not to meet the challenge of necessary change but to maintain old structures, which in the long run will not serve the purpose of a return to full employment. This trend would destroy the framework of the world economy."

Herr Schmidt was never more emphatic in the course of the *hour-long talk* than when he said "We have to look for new products, new inventions, new goods, new capacity and, above all, new markets." All that implied development of research, education, training—and not least labour mobility, which the Americans had but the Europeans did not yet have in sufficient measure.

What, then, will be West Germany's specific contribution to the Bonn summit—apart from its advocacy of the new monetary system? Part of the answer may be found in the final document of the Bremen Council meeting which speaks of complementary action from the member countries. Those with higher rates of price increase will seek, in particular, to curb inflation. Those without inflation or balance of payments problems will do more to increase internal demand, especially investment demand, and economic growth. While it is clear that there is no Community country wholly without inflation difficulties, it is also plain that West Germany falls firmly into that group from which more growth efforts are expected.

In his interview, Herr Schmidt raised the following points about German economic growth (which the Government first hoped would total 3.5 per cent, in real terms this year but which now seems certain to be less). He noted that the rapid rise of the D-Mark had enabled other countries to increase exports to Germany much faster than German GNP had been growing in real terms. This meant some more German unemployment, even in industries supplying the domestic market, because of competition from cheaper imports.

He referred with disdain to "so-called creation of additional demand or whatever the phrases are," stressing two key problems, one was the constitutional limitation on government borrowing. The other was the limited capacity of the capital market to yield a lot more credit for the government at stable interest rates. And if German interest rates were forced up, thus reducing the differential with rates in the U.S., then the efforts of the Americans and others to stabilise currencies would be made harder. This development would not help domestic investment—and therefore German economic growth —either.

Having marshalled all these arguments against, the Chancellor summed up his position in a few sentences which can be taken as a clear signal to those shortly arriving in Bonn.

"Last remark but one: Never in some four years of holding my present office have I felt myself cornered internationally and I don't feel cornered today. I feel I have all the room for manoeuvre I need. Last remark: I once again stress the need for compromise on the part of all seven participants. Full stop, sir."

A visitor of importance

THE VISIT of Sr. Santiago Roel, the Mexican Foreign Minister, will doubtless turn out to have been among the most important visits of any Latin American figure to London for many months. The items on his agenda have been numerous and varied. He and his party have had discussions about Concorde, which may soon be landing in Mexico City, about oil matters, on which there is soon likely to be closer cooperation between Britain and Mexico, about the North-South dialogue, in which Mexico is an important spokesman for the Third World, about nuclear questions, which may lead to valuable business being done and, not least, about the thorny political question of Belize over which Mexico has consistently assumed a constructive attitude.

Everything points to Mexico becoming an increasingly important trade partner for this country. The Mexican economy is expected to grow by 5 per cent this year, nearly double the rate of last year, while inflation, which last year touched 21 per cent should be halved.

Greater calm

After a period of great strain two or three years ago when the peso was suddenly devalued by a large percentage Mexico is moving into a period of greater calm, aided by the big contribution being made by the very large new discoveries of oil which could bring its total reserves to some 120bn barrels. The British oil industry is in a good position to offer its expertise competitively to Petróleos Mexicanos, the state oil monopoly, which has already expressed its interest in forming a closer working relationship with the British National Oil Corporation.

Sr Roel's visit to the United Kingdom Atomic Energy Authority's installations at Harwell and the contacts between his nuclear experts and British Nuclear Fuels indicate that important projects of collaboration are being considered.

It is fortunate that Britain has won for itself a good record in assisting Mexicans with their big capital projects and the work that the British Steel Corporation was able to do for the Mexican company SICARTSA during the construction of the ambitious Lázaro Cárdenas steel plant that has been highly praised by the Mexicans.

Moreover banks in London have proved to be willing and eager to lend the funds needed to undertake capital goods projects in a country where oil is being found in such abundance and where the government and local investors are committing so much of their own money to productive investments.

All of this bodes well for the British industrial exhibition which is scheduled to take place in November in Mexico City and which has already attracted scores of exhibitors. Given all the favourable circumstances it is surprising that Anglo-Mexican trade should not be worth more than £120m a year in all. That figure is bound to increase.

Amid all the talk of possible financial and industrial co-operation it would be wrong if the political content of Sr Roel's visit were overlooked. Mexico, like Britain, has taken a poor view of the rise of extremist governments in Latin America and among the subjects discussed during the Mexican minister's call on Dr David Owen were the dangers facing democracy in that region.

Beneficial

The political attitudes of the Mexican government allow it to understand and sympathise with the unwillingness of the inhabitants of Belize, with whom Mexico shares a common border, to be absorbed by their other neighbours, the Guatemalans. Sr. Roel is equally understanding of British eagerness to terminate the colonial relationship with Belize and launch that territory into independence as expeditiously as possible. As is natural, Britain and Mexico sit on opposite sides of the table in the North-South dialogue but that does not prevent both countries having a friendly and mutually beneficial relationship.

MEN AND MATTERS

Lying doggo on a Victorian fee

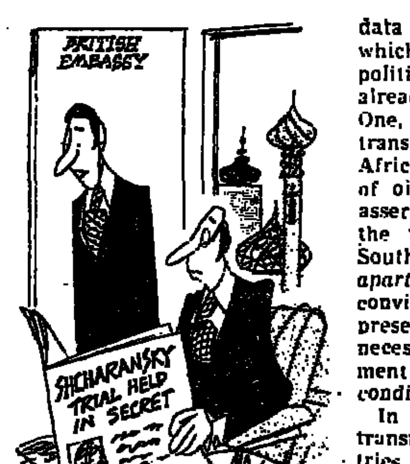
Political hecklers now limbering up for the general election may care to keep in mind a question to make any candidate wince: "What about dog licences?" Cannily aware that Britain's 5m dogs all have owners who all have votes, Jim Callaghan has let it be known that nothing should be done just now about a 1976 working party report advocating a £5 dog licence (at 1975 prices, which would be within a hair's-breadth of £7 today).

Denis Howell, who is what might be called the dog's-body at the Department of the Environment, has done his bit to keep the topic at bay. Last month, in reply to a written question, he said he would give his views on the 1976 report "as soon as possible"; this is confidently expected to be after the general election.

Many MPs are agreed that we have too many dogs, fouling the streets and eating up protein. The licence, 37½p, is the 7s 6d at which it was set in 1878. At average wages then, it took two days' work to pay for a dog licence: exactly 100 years later it takes 12 minutes' work. Colonel Charles Wylie, secretary of the Canine Defence League, told me yesterday that the licence is "ridiculously low." He said that the Government actually loses money on collecting the licences. The RSPCA has likewise been growling for years at the politicians' heels.

A scamper around the main political parties yesterday showed, however, that kennel power is well recognised. The Conservatives say they "have not taken a firm position." The Liberals seem to have tossed their erstwhile high-mindedness aside: "We do not think dog licences should go up—but if they do, old age pensioners should have reduced rates." The Labour Party is belatedly paying most attention to the 1976 proposals: in a fortnight's time the executive committee will receive a recommendation from a policy group for an increase "in stages" to the £5 licence, with complete exemption for dogs owned by pensioners, the blind and farmers. There is more than a hint of class war in the proposal to end the present exemption for foxhounds under a year old.

What no politician likes to admit is that decades of fawning upon dog-owners by keeping licences down has created a crisis of abandoned pets at a time of dearer food. "The situation cannot be handled," says the Canine Defence League. "Our kennels are full of abandoned dogs."



"Naturally enough, if injustice is going to be done they don't want it to be seen to be done."

Tensing in town

Guest of honour last night at a reception at the Indian Tourist office in Bond Street was Sherpa Tensing, now 64, but looking 40: it must be all the fresh air up in the Himalayas. He has been in Britain visiting mountaineering friends.

Since the publication last year of its autobiography, After Everest, the man who shared the honour of scaling the world's highest peak has become something of a globe-trotter. I am told that on this latest trip he has cheerfully signed his autograph "hundreds of times." One of Tensing's greatest enthusiasms nowadays is the Mount Everest Foundation, which is trying to raise £250,000 over the next seven years for young moutaineers and explorers. He had wanted to be in Snowdonia with Lord Hunt and his fellow veterans in May for the 25th anniversary appeal, but domestic events kept him at home.

Wide code

After years of being kicked around in the political manifestoes and headlines of the Third World, the transnational corporations are now having to take stock of a code of conduct which is grinding its leisurely way through the UN. Klaus Sahlgren, director of the UN Centre on Transnational Corporations, told me yesterday that next month a working party will have its fourth session on the code. He hopes that it will be in draft form for next year's annual meeting of the UN Commission on transnationals.

Sahlgren said it was hard to see what teeth the code would have, since its implementation mechanism had not yet been negotiated. This, he said, would have to be enforced through national legislation, since only the UN Security Council has its own enforcement powers. But he thought the code could "exert moral pressure."

The UN centre has a large data bank on the transnationals, which is becoming a potential political football. Its reports are already proving controversial. One, shows the activities of the transnationals in Southern Africa, focuses on the activities of oil companies and banks. It asserts there is no evidence that the transnationals' presence in South Africa has helped erode *apartheid*. Nor are the authors convinced by the claim that the presence of the transnationals is necessary to maintain employment or improve employment conditions.

In May the UN commission on transnationals voted that countries should stop all forms of "*collaboration*" by the companies with minority regimes in southern Africa — though this resolution has so far proved a paper tiger.

I asked Sahlgren for his views on the report, described in this column six weeks ago, of how the transnationals infiltrated the first attempts to bring them under some for mof UN control. The report, by an independent group, claimed that Hans Schaffner, vice - president of Sandoz and Swiss "governmental representative" on the Group of Eminent Persons, was in close contact with the transnationals which the Group was investigating. Sahlgren told me that he was too busy with the present to deal with the past. He added: "In my country, Finland, a proverb tells one to be a doctor not a judge."

Mighty meaty

From a New York college magazine about a trip to London: "After we had seen the Mansion House, the Bank of England and the great new Stock Exchange, we went to a cafe and had the City clerk's favourite meal of fried sausages and potatoes—known familiarly as 'bankers and mash.'"

Observer

SOCIETY TODAY

Ministers break a promise on Secrets

THE CABINET has decided, by an overwhelming majority, to break the promise made in the Labour Party manifesto of October 1974 that the Official Secrets Act will be replaced "by a measure to put the burden on the public authorities to justify withholding information."

The astute reader will stop right there. There is something wrong with the above paragraph. It complains about official secrecy, yet it purports to record a decision made by the Cabinet, whose deliberations are supposed to be secret. The answer to the conundrum is that everything is secret except that which it suits someone or another to reveal, by covert means if necessary. Reporters who contact so-and-so and-you-know-who will quickly draw the conclusion that the Government is in fact abandoning the promise of 1974, but this will not be an official truth until the relevant White Paper is published during the next week or so.

Nor will the real truth be easy to discern from the White Paper, whose contents have been softened on more than one occasion in a futile effort to ward off the anticipated criticism, according to never-you-mind. The Paper has been prepared by officials who started with the report of the Franks Committee on the reform of the Official Secrets Act, which is why it is flawed from the start.

For that committee, which reported in September 1972, was bound by its terms of reference to investigate Section 2 of the Act—the notorious section that makes it an offence for any official to disclose anything he has learnt in the course of his job, unless he has prior permission to do so. It has become the foundation-stone of the secrecy of our Civil Service. Any White Paper that apparently reduces the all-embracing scope of Section 2 will be presented by its authors as at least a step towards putting "the burden on the public authorities to justify withholding information."

'More liberal'

In fact, as I have been reminded by no-names-no-pack-drill, the White Paper in its present form is a confidence trick. Following Franks, it will narrow down the range of secrets whose disclosure might mean prosecution followed by a fine or imprisonment, and protect much of the rest of the information in the possession of the Civil Service by means of "administrative discipline." This means that an official who gave information of the first kind to a member of the public might be prosecuted, while the penalty for disclosure under the *second category might be no* more than the loss of his or her job. Since the Government intends to broaden the range of information whose transmission to outsiders will not constitute an offence against the law, it will be able to claim that it is "more liberal even than Franks."

The element of humbug in this is by now pretty well established. Section 2 has already fallen so far into disrepute that it is more or less unworkable. Its replacement might be genuinely enforceable, which would mean a net addition to the power of government to maintain secrecy, at least in those areas to be classified under the proposed new Act.

The confidence trick runs yet deeper, however. You can see what I mean by considering a point made by someone who can actually be named—Mr. Roger Darlington, who was Political Adviser to the Home Secretary from 1972 to 1978, and who was concerned with the drafting of the forthcoming White Paper. In a recent article in The Guardian, Mr. Darlington pointed out that while most people regard Section 1 of the Act as concerned with espionage (and therefore, presumably, acceptable), the matter is not as simple as that.

He quoted a case, DPP v Chandler, in which the House of Lords upheld the conviction of six defendants who entered a prohibited place as part of a nuclear disarmament demonstration. There was no question of espionage, says Mr. Darlington, yet they all went to jail. A forthcoming instance of the relevance of Section 1 is the trial, scheduled for September, of Crispin Aubrey, John *Berry, and Duncan Campbell,* all three of whom have been charged under both this section and Section 2 of the Act. Since anything at all that I may wish to say about this important trial is likely to get me in trouble with the law as it stands, I will only remark that we will all find it most interesting, or most dull, as the case may be.

So far, the argument in this article has been confined to the negative side of the story. The positive side is a demand for something quite different from the present paraphernalia of secrecy—an absolute right of access by the public to public information, with a tightly-drawn list of exceptions to protect national security and individuals. In any honest use of words this is what the Labour Party must have meant by "a measure to put the burden on the public authorities to justify withholding information" — but it appears that while the Party may believe that that is what it meant, no such thing is on offer from the Government.

Dr. David Owen (left), Michael Foot, and Tony Benn (right) — apparently the only three Cabinet members who were willing to entertain the idea of a right of access to official information.

According to don't-whisper-the-name and you-never-heard-of-me the only members of the Cabinet willing even to entertain the idea of a right of access are Mr. Michael Foot, Mr. Anthony Wedgwood Benn and Dr. David Owen. If so, all praise to the three of them, who in this if not all other matters have a better understanding of democracy than their colleagues.

Yet the argument in favour *of such a right has grown over* the past couple of years. The Labour Party's Study Group on the machinery of government has produced a draft Access to Information Bill. The all-party Parliamentary Committee on Freedom of Information has put forward its own "model White Paper." The energetic Outer Circle Policy Unit has been working on a well-drafted Official Information Bill. And yesterday the Liberals published their "Shadow White Paper" proposing that a public Right of Access to Official Information be embodied in an Act of Parliament — following the Scandinavian and American examples.

There are many detailed arguments about such a proposal. *Some*—such as "the cost would be in the hundreds of millions" can be written off as standard Civil Service protectionist tactics. These must always be taken as false until proven. Others—"would there be an index?" and "just what would remain secret?"—remain matters for serious debate. But none of the details is as important as the central principle, which is that any citizen should be granted access to any information held on file by any departments — saving defence, national security, and files on individuals.

The trouble with this principle is that in the British context it is truly revolutionary. Properly used, such a device would cut away the power of the self-perpetuating oligarchy that our Civil Service has become, and they know it.

Yet I am not at all certain how many of the proponents of freedom of access to official information know just how much they are asking for. Some are aware of a wider importance to these matters, but few seem to be conscious of just how much unravelling there might be if Parliament were to allow the first string to be pulled. The Liberals talk, in yesterday's document, of a "new constitutional settlement with a more open relationship between executive and legislature" and see the right of access as part of this; what needs to be thought through, however, is whether such a right, if granted, would turn out to be the catalyst that made such a constitutional upheaval possible.

Afraid

This is the powerful heart of the matter, and I am sure (for whosit has told me) that some senior civil servants are deeply afraid that a right of access might be their undoing. They do not argue on the level of "Concorde, the Crown Agents, the Property Services Agency and allied scandals might never have happened if the public had a right to know and debate"—for these are small matters compared with their own entrenched status.

And so we come back to the Government's decision not to allow any such thing to happen. Most members of the Cabinet, beg-your-pardon and who-did-you-say, tell me, are not as afraid of this negative decision as they are for their own skins, partly because of the nagging of senior civil servants and partly because they do not see any votes in it, one way or another. To be sure, there will be a kerfuffle in the party, and, of course, the trade unions may mumble — but the party can be squared and the unions are not really serious about this one. The general public is thought to be hardly aware of it, while the few intellectuals who complain are, well, very few.

This analysis is probably correct. But there is one important rider. For more than a year now Mr. Callaghan has managed to be a more cunning conservative than Mrs. Margaret Thatcher — after all, he is running a conservative administration under a Labour banner. He has shown that, given a minority in Parliament, an economic crisis, and the threat of a right-wing Tory successor, he can treat the radicals in his party with con*tinuing contempt.*

There is still room for more. There may indeed be another hundred straws to go before the camel's back is broken. But without some kind of radical inspiration — and it need not be of the radical Left — there is not much point to the Labour Party, and many of its most active members feel this keenly. The promise that thingummy assures me is about to be broken may not break the party, but it will bring the day of reckoning nearer.

Joe Rogaly

Letters to the Editor

Takeover Panel decision

From Mr. E. Wadley

Sir,—The Takeover Panel decision in the matter of W. Henshall and Sons (Addlestone) must cause concern to minority shareholders everywhere and also to supporters of the principle that employees should be encouraged to acquire shares in their own companies.

The acquisition by Bovbourne of 49.92 per cent of the share capital of Henshall without reference to the board of directors was admittedly conducted with a view to achieving a shut-out position. A large part of this block of shares was acquired from a major shareholder/director and Edith, and in no case was the Board advised of negotiations or of the intentions of Bovbourne.

The Takeover Panel was set up to create a self-regulating body within the City and to give some protection to shareholders generally. The questions, however, must be asked as to whether is the intention of the City and of the Government that the Takeover Code should be interpreted in its strict terms or whether it should be regarded as a guide. Should it not be the objective of the Takeover Panel to ensure that transactions take place in a manner which at least gives some consideration, if not protection, to minority shareholders? The present decision of the Takeover Panel is surely a general invitation to disregard the spirit in which the Panel was set up and to achieve a situation in which all shareholders do not have an equal opportunity to consider at the operative time all relevant facts and information relating to a proposed offer.

Moral duty

A feature of Henshall is the fact that the executive board is principally comprised of professional managers. They have no material share stake in the company. They have nevertheless considered that they have a moral duty to give full consideration to the interests of all the shareholders and of the company and have tried to achieve a situation where minority shareholders, who incidentally far outnumber the present majority shareholder and who include some fifty employee shareholders, have an opportunity to have some say in the future of their company. They do not, however, appear to have been supported in this respect by the Stock Exchange, the Takeover Panel or the City generally.

The Henshall case presents an opportunity for the City to show that minority shareholders and employee shareholders are welcome and that professional managers will receive support in carrying out their responsibilities. It is submitted that the wording of the Takeover Code should not be regarded as paramount. This is mere encouragement for financial advisors to find a way round the Code. The Code should be interpreted according to its original spirit. The Panel should consider whether the Code has proved adequate in the circumstances and whether the result of a strict interpretation of the rules gives an ethically correct position.

It is not too late for the City to re-examine the matter of Henshall and to demonstrate a desire to protect minority and employee shareholders and to support the spirit, rather than a realistic interpretation of the Takeover Code. It also provides an opportunity for the City to restate the obligations of directors who are also major shareholders.

I would add that while my firm are advisers to Petford, the alternative bidder for Henshall, the above represent my personal views.

E. J. Wadley.
Lake House, Golf Club Road,
St. Georges Hill,
Weybridge, Surrey.

Pressures in Germany

From Dr. E. Owen Smith.

Sir,—Whereas Professor Beresford Dew (June 7) is no doubt correct in pointing to "German lessons in industrial democracy," his amazingly uncritical account overlooks some significant industrial relations problems currently facing the West Germans. How these problems are resolved may be an even more valuable lesson than the role of works councils as part of the total collective bargaining scene.

After attempts dating back 20 years, the trade unions gained in 1976 what they still consider to be a diluted form of "parity" representation on the supervising boards of large companies (outside steel and coal) with over 2,000 employees. The unions claim that at least 25 of the 600 companies involved reorganised their structure so as to avoid the Act. The employers organisations, on the other hand, considered the 1976 Act to be unconstitutional because it undermined property rights. Their appeal is now being considered by the Federal Supreme Constitutional Court. In protest, the trade unions have withdrawn from the body on which the Government preaches the virtues of wage restraint. Where elections to the new boards have taken place, staff asociations and professed political candidates have been successful. Indeed, the elections to works councils have also recently displayed this same trend.

Finally, your correspondent seems to underestimate the extent to which the West German Government has intervened in economic life. Indeed, the current year's DM 52bn deficit of public authorities is the main reason why Chancellor Schmidt will be opposing pressure to reduce German taxes at the imminent economic summit in Bonn — even though his FDP coalition partners would more than welcome the electoral popularity of such a move!

E. Owen Smith.
Department of Economics,
University of Loughborough,
Loughborough, Leicestershire.

Finance Bill side effects

From the Assistant General Manager Trade Indemnity Co.

Sir, The distinguished group of accountants who wrote on July 6 about VAT and Clause 10 of the Finance Bill are quite correct to refer to the potential consequential problems. The conditions imposed by Clause 10 however, will be very similar to the old purchase tax rules and it may be that their fears are more imaginary than real.

D. L. Howson,
Trade Indemnity House,
12-34 Great Eastern Street, EC2.

VAT relief on bad debts

From Mr. C. Rengert.

Sir,—The letter from Mr. Homan and his eminent colleagues (July 6) raised an important point, and I would join with them in pressing for the definition of insolvency contained within Clause 10 of the Finance Bill to be extended to cover receivership.

May I, however, add a small point of warning. The effect of the change recommended by them in the dratfing of the Bill would be to remove from the benefit of the legislation creditors of companies which have passed into receivership since the relief was foreshadowed in the Chancellor's speech. These creditors would have expected relief under the Bill as now drafted if the companies had passed into liquidation after October 1; without a corresponding change in the starting date of the legislation, perhaps to March 1, 1978, the creditors would see the prospect of relief vanish before their eyes.

It is to be hoped that this aspect of Clause 10 will also be reconsidered at the report stage.

C. Rengert,
Cooke, Gorrie and Co.,
Bank Buildings,
16a, St. James's Street,
London, SW1.

Team games for girls

From Mrs. J. Leatham.

Sir,—I was interested to read the article by Sue Cameron (July 4) on women climbing the promotional ladder. I fully agreed with the check list produced at the end, but I would like to take issue over the question of sports training for women for their future role in life. Apart from the born career-minded women, we must remember one in four will be separated from her husband and be forced to go out to work in middle life; therefore I feel that it is thé duty of society to train girls for work and management, as well as home based duties.

While there are undoubtedly hockey teams and matches etc. for girls after the age of 11, I do not think there are enough team games or projects to engender the team spirit. I am a cub scout leader and am glad to receive help from the community for many boys activities, but in particular I would like to point out that we have football matches, a football league, a cup for the pack coming out top of the league, etc. all activities enthusiastically organised by fathers. In my area it appears that mothers generally are not very keen on team games themselves, and just do not bother to organise team activities for young brownies.

I, for one, think there is still a lot of improvement needed in the social training of girls. Some people may argue that girls do not take kindly to the team spirit, I maintain that it is because their social education does not start early enough, it should be the same as the boys, as early as possible.

J. M. Leatham,
30, Briants Piece, Hermitage,
Nr. Newbury, Berks.

New water charges

From the Director of Finance, Thames Water

Sir,—Mr. Thirkell (July 1) returned to the attack, claiming that in his view certain statements made by Thames Water were "misleading, dishonest or untruthful."

At no time, and nowhere, has this authority ever claimed that the increase in the average household bill would be around 7 per cent. In fact, in what Mr. Thirkell refers to as "the longer information sheet," we stated quite clearly that "whereas last year the average family per week paid 62p for all its water services, this year it will pay 72p per week." Mr. Thirkell claims that this information sheet encourages the belief that the increase to private householders might be 7 per cent. This is patently not so to anyone who takes the trouble to read the sheet and not just misquote from parts of it.

If Mr. Thirkell obtains a copy of the Price Commission report on Thames Water Authority he will see that although we sought an increase of £21.2m. in charges for 1978-79, the amount to which we were restricted under safeguard regulations was £16m. Table 3.3 of the same report shows "the effect of the introduction of two-part tariff on charges compared with the old basis of charging." As was stated in our information sheet, this authority must, by 1981, comply with the requirements of the Water Act 1973 regarding charging policies. Therefore the extent to which Mr. Thirkell may consider changes in policies to be undesirable has to be read in the light of present legislation.

Mr. Thirkell, in his final paragraph, expressed the view that Thames Water Authority was attempting to "pull a fast one" over the domestic customer. Furthermore he goes on to quote, allegedly from the longer information sheet about our forecasts for charges in 1979-80. What in fact was said in the information sheet was as follows: ..."though it means the increases, particularly those for sewerage, will be modest this year, it also means that we shall be budgeting for a deficit of £16.1m so that we are likely to have a fairly substantial increase next year, particularly in sewerage charges." I leave your readers to judge who is attempting to mislead whom!

Finally, if Mr. Thirkell wishes to continue to correspond with me through your columns, rather than direct, may I invite him to answer two points:—(i) what was the increase in charges for his own house this year compared with the regional average of 14 per cent. for domestic properties? (ii) does he really expect us to issue a separate leaflet to each customer showing this individual percentage increase?

E. J. Gilliland.
New River Head,
Rosebery Avenue, EC1.

Local authority spending

From Councillor M. Andrews

Sir,—Mr. C. Cooper (July 5) wishes that he could do something to ensure that local authorities spent their money wisely and were prevented from automatically increasing their revenues by rate increases. He criticises the chairman of Salop County Council for the statement that "the prime function of this Council is not to cut expenditure nor to keep rates down."

Mr. Cooper may be interested to know that the Conservative controlled Southampton City Council has adopted his own philosophy. It has achieved, despite inflation, a rate reduction of 2 per cent in each of the two years since it gained control of the Council and it is confidently expecting to be able to achieve another reduction next year. It should be added that the previous Labour Council imposed rate rises of up to 68 per cent during its term of office.

This dramatic turn round has been brought about not by a severe cut-back in services, but by a careful reorganisation of priorities, and the adoption of an attitude of mind implicit in the recently advocated zero-base budgeting approach to controlling expenditure, i.e. spending must be related to present need not to past priorities — an approach other local authorities could usefully follow.

M. J. Andrews
(Councillor for Millbrook Ward),
The Members' Room,
Civic Centre, Southampton.

Today's Events

GENERAL

Treasury issues details of Central Government financial transactions, including borrowing requirement (June).

European Central Bankers end two-day monthly meeting, Basle.

Post Office engineers in London hold half-day strike and mass rally to support their claim for 35-hour working week.

Mr. Eric Varley, Industry Secretary, speaks at Penistone by-election meetings.

Second preliminary hearing of Tribunal of Inquiry into Crown Agents' losses on secondary banking and property activities (public hearing opens on September 11).

House of Lords Select Committee considering legislation to counteract Arab boycott meets European Commission members in Brussels.

Mr. Roy Hattersley, Prices Secretary, and Mr. Michael Shanks, chairman, Consumer Council, are principal speakers at opening session of International Organisation of Consumers Unions' congress, Imperial College, SW7.

National Union of Railwaymen's annual conference continues, Llandudno.

London Chamber of Commerce Council meets, 69, Cannon Street, EC4, at 2.15 pm.

Great Yorkshire Agricultural Show opens, Harrogate (until July 13).

PARLIAMENTARY BUSINESS

House of Commons: Remaining stages of Finance Bill begin.

House of Lords: Second readings of Iron and Steel (Amendment) Bill and House of Commons Administration Bill. Community Service by Offenders (Scotland) Bill, committee. Transport Bill, report stage. Debate on unit trust management.

Select Committee: Joint Committee on Statutory Instruments (4.15 pm, Room 4).

OFFICIAL STATISTICS

London clearing banks' monthly statement; and UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-June). Provisional figures of vehicle production (June).

COMPANY RESULTS

Final dividends: Moorgate Investments; Ratners (Jewellers); Textured Jersey; Watson (R. Kelvin); Wilkinson Match; Wrighton (F.). Interim dividends: Macpherson (Donald) Group; Neil and Spencer.

COMPANY MEETINGS

Avenue Close, 100, Old Broad Street, EC, 12. Property and Reversionary Investment, Albany House, SW, 12. Streeters of Godalming, Cafe Royal, W, 12. UDS, Churchill Hotel, W, 12.

SPORT

Cricket: Middlesex v. New Zealand, Lord's. Fencing: Commonwealth championships, Glasgow.

COMPANY NEWS + COMMENT

H. Wigfall tops forecast with £1.37m

BETTERING A forecast of not less than £1.2m Henry Wigfall and Son achieved a pre-tax profit of £1.37m for the year to April 1, 1978. This is an improvement of £0.28m over the previous 53 weeks.

After the first 28 weeks when reporting a loss of £333,000 (£464,000 profit) the directors, in their successful defence of the offer by Comet Radiovision Services, made the profit forecast and said that the dividend total would be 7.5p net.

This is the case with the final payment of 4.5p net, leaving the total to stand against last year's 4.84p.

	52 weeks 1977-78 £000	53 weeks 1976-77 £000
Turnover	54,[illegible]	50,647
Profit before tax	**1,370**	**1,090**
Tax credit	13	[illegible]
Profit after tax	1,[illegible]	[illegible]
Extraordinary debit	*112	[illegible]
Available	1,2[illegible]	1,206
Preference dividend	1	1
Ordinary dividend	[illegible]	232
Retained	934	1,14[illegible]

* Expenses incurred in defence of a takeover bid. * Credit provision for mail order losses no longer required. ‡ Certain shareholders of Wigfalls waived their entitlement to the interim dividend in respect of a total of 1,512,895 ordinary shares.

The company operates as a multiple shop retailer of radio and television sets, washing machines, refrigerators, household electrical goods, cycles, furniture and clothing.

See Lex

HIGHLIGHTS

Henry Wigfall has cleared the first hurdle by beating the forecast made at the time of the defence from the Comet bid, but another dramatic profits improvement will be required this year if the Board is to justify its decision to remain independent. Tate and Lyle has arranged a £30m 10-year loan facility with a syndicate of banks to repay short-term borrowings and finance general corporate purposes. Lex also discusses the pricing arrangements for the forthcoming Ferranti listing. Elsewhere, May and Hassell has been hit by exceptional items and full-year profits are below half-time expectations, but the shares have apparently taken heart from the announcement of assets approaching 217p. Crown House has been bolstered by a strong performance on the glass side.

Yields up at Anglo Indonesian

Mr. Michael Nightingale, a chairman of Anglo-Indonesian Corporation says that with the fall in tea prices it is difficult to predict with any accuracy how profits will turn out for the current year, but he feels it is encouraging that so far actual crop yields are up.

In 1977 group pre-tax profits advanced from £0.69m to £1.21m. It has been group policy to hold the dividend at a level which avoids any significant liability to unrelieved ACT. This year the payment has been raised from 10 per cent to 11 per cent which is almost the maximum permitted. As for last year a provision has been made for unrelieved ACT but in practice it is believed that this amount will be relieved in due course.

Referring to Tatar Anyar (owned as to 60 per cent by the company, 25 per cent by the Indonesian Government and 15 per cent by Commonwealth Development Corporation) the chairman says that it is with a basis of experience and renewed confidence that the company embarks with its partners on the new development programme which will provide 500 hectares of high yield tea on each of Cukul and Neglasari estates.

The first tranche of the £770,000 loan made available by CDC for this programme has been drawn and the large scale plantings of VP tea from the company's own nurseries will take place this year.

Referring to Central Province Ceylon Tea Holdings the chairman says that all payments of compensation due to date have been received and he is confident that the future commitment to compensation by the Sri Lankan Government and the eventual remittance of net current assets will be met. These remittances provide a useful source of funds for future expansion.

At the year end there was an increase in cash balances of £280,712 (£314,924 decrease) and a nincrease in short term investments of £21,194 (£23,810 decrease).

Meeting, 37 Queen Street, EC, August 3 at noon.

Carclo nears £1m mark

WITH the increase in profits of Card Clothing more than offsetting a decline in those of the engineering division Carclo Engineering Group achieved higher pre-tax profits of £977,000 for the year to March 31, 1978, compared with £946,000 for the previous 12 months.

Earnings per 25p share are stated at 13.2p (13.9p) and the dividend total is stepped up from 2.6824p to 2.996p with a final payment of 1.498p net.

The directors say that due to stagnant economic conditions it is even more difficult than usual to predict at this early date the outturn of the current year. However, at present the company's order book is higher than at this time last year and they are ready to take advantage of any upturn in world trade.

Unilock lift in second half

A STRONG rise in contract completions during the second half and a rise in the share of associates profits from £4,347 to £30,076 enabled Unilock Holdings to lift taxable profit for the year to April 2, 1978, from £745,424 to £807,513. Sales were 15.5 per cent better at £8.28m compared with £7.17m for the previous 53 weeks.

New orders obtained during the second six months enabled the impetus to be maintained to the end of the year, and the company's strong financial position helped toward obtaining the larger value contracts says Mr M. H. F. Newman, the chairman.

The indications now are that despite a persisting low level of activity in the building industry and a growing shortage of unlet office space the group, which makes and erects partition systems, will continue to advance and further increase profitability.

Earnings per 10p share are stated at 9.27p (8.03p) and the net dividend is stepped up to 4.9p (4.55p). The company's shares are traded over-the-counter.

Liquid funds at year end were down £364,892 (up £126,490) with bank overdrafts higher at £231,484 (£167,322), and cash at £502,218 (£983,027).

Mr. Newman says the directors have so far been unable to find a suitable investment for liquid funds. This has meant that a not insubstantial part of net capital has earned a lower return than might otherwise have been expected.

	52 weeks 1977-78 £	53 weeks 1976-77 £
Turnover	8,2[illegible]	7,166,[illegible]
Share of assocs	[illegible]	4,3[illegible]
Pre-tax profit	**807,513**	**745,424**
Tax	[illegible]	[illegible]
Net profit	[illegible]	[illegible]
Dividends	[illegible]	[illegible]
Retained	[illegible]	[illegible]

Christy Bros. sees more growth

CURRENT TRADING is at a satisfactory level at Christy Brothers and the management is budgeting for further improvement in overall profitability for the present year to follow on the 60 per cent leap in pre-tax profit to £211,296 last time.

Mr. Michael Abbott, the chairman, tells members that the directors believe that, with the inclusion of new products such as SWARF plant and containers, the company is developing a specific and unique market, which despite a likely continued stagnant economy, should enable the group to develop further in the years ahead.

Active consideration is being given by the Board to ways and means of enlarging overall manufacturing capacity to meet present and future demand. For the immediate future they will seek better utilisation and return from existing resources, he says.

Sales for the year to March 31 were higher at £4.87m (£3.08m), and, helped by the December rights issue the net proceeds of which amounted to £110,783 net, shareholders' funds at year end were up over 29 per cent at £1.02m, net current assets increased to £627,000 (£241,000) and bank overdraft was reduced to £272,000 compared with the £877,000 three years earlier.

A gross final dividend of 3.2p per 25p share lifts the total to 4.2p (1.53842p) gross, not "net" as indicated when reported on July 8.

Cash funds at year end showed a net increase of £18,666 (£380,597) and during the period £8,991 compensation was paid to a former director.

Meeting, Chelmsford August 3 at noon.

Mr. James Edge-Partington, chairman of Crown House, who reports a 26 per cent. rise to £3.29m in profits, and is recommending a 25 per cent lift in the dividend.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Wearra Group ......int.	0.45	Aug 21	0.41	—	1.31
H. Wigfall	4.5	—	4.84	7.5	4.84
British Dredging	Nil	—	Nil	Nil	0.3
Carclo	1.5	Aug 31	1.36	3	2.68
Celtic Haven	0.32	Oct. 6	0.29	0.32	0.29
Christy Bros.§	3.2	—	1.54	4.2	1.54
Crown House	2.7	—	2.03*	3.8	3.03*
Eucalyptus Pulp ...1st int.	1.5	July 27	—	—‡	5.0
Glass Glover ......int.	0.26	Oct. 2	0.24	—	1.23
James Latham	4.89	—	4.22*	7.54	6.69*
Macdonald Martin "A"	6.3	Sept 4	5.76	9.3	8.45†
Macdonald Martin "B"	3.15	Sept. 4	2.88	4.65	4.22
May and Hassell	2.12	Aug 21	1.9	3.06	2.77
Oil and Associated	1.52	—	1.38	2.1	1.95
British Dredging	Nil	—	Nil	Nil	0.3

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Total of 4.25p has been forecast. § Gross throughout. Not as previously reported.

Tate & Lyle £30m refinancing

A £30M ten-year loan has been arranged by Tate and Lyle with a syndicate of international banks "to replace short term financing arrangements."

The loan, which will be used for "general corporate purposes," will finance some of the rationalisation costs currently being incurred by the company.

Tate and Lyle has recently been plagued by the problems of overcapacity in its UK sugar refining operations and last month the group announced interim pre-tax profits of only £11.1m, against £24.9m previously.

The loan has been provided by a syndicate of six banks, led and managed by Lloyds Bank International. The others in the syndicate are Bank of America National Trust and Savings Association, Barclays Merchant Bank, Chase Manhattan, National Westminster, and the Royal Bank of Canada.

Interest on the loan will be between ¾ and one per cent over London sterling inter-bank rates during the term. In the company's last balance sheet at September 30, 1977, net borrowings amounted to about £75m.

Last night Tate and Lyle finance director Mr James Forbes said the loan had been arranged against the background of the Government's corset restrictions and the rationalisation measures being undertaken by the company. "The likelihood is that the money will also be used to repay other external borrowings, like shipping loans which come due for repayment next year."

See Lex

Progress by Glass Glover

DESPITE adverse trading conditions and exchange rates Glass Glover Group, food distributor, importer of fresh fruit and vegetables, achieved a marginal improvement in pre-tax profits from £127,326 to £132,170 for the six months to March 31, 1978.

The directors report that trading in the current period is fully in line with expectations, and they say they anticipate profits for the full year will exceed last year's record £432,889.

First half earnings are shown to have risen from 1.042p to 1.08p per 5p share and the interim dividend is lifted from 0.2378p to 0.2616p net. Last year's total payment was 1.2256p.

Streeters troubled by Saudi Arabian contracts

A MARKED deterioration in the Saudi Arabian activities over the past month was revealed yesterday by Streeters of Godalming. But, after a review of the financial position and trading prospects, it will still pay its final dividend of 0.86p per share.

Since the report for 1977 was issued on June 13 there has been a "marked deterioration" in the prospects of the 40 per cent owned associated company, Streeters Saudi Arabia. The Minister responsible has agreed with the main contractor to reduce the scope of the new contract in Riyadh and, consequently, the share of work allocated to SSAL in 1978 and 1979 is expected to be reduced from £10m to in between £3m and £5m.

Problems over work permits are making it increasingly difficult effectively to supervise and maintain production in Saudi Arabia. In particular, this is affecting efforts to limit losses on the remunerative Jeddah contract.

The Board of Streeters is consulting with the Saudi Arabian majority shareholders as to the best means of resolving the situation. It may be necessary to reduce commitments in Saudi Arabia and this may involve a "drastic reappraisal" of the value of Streeters investment there both in SSAL and in the plant leased to SSAL.

In any event there will be no further investment in Saudi Arabia.

By contrast, prospects in the UK continue to be satisfactory and resources are adequate to finance continued profitable trading in the UK.

Streeters' annual meeting is being held today.

British Dredging's £2m fleet deal with RMC

Ready Mixed Concrete is to pay £2.21m for a half share in the dredging fleet of the British Dredging Company which yesterday announced a sharply reduced loss for 1977 after exceptional credits.

This deal ends months of speculation that RMC (which has 27.3 per cent of British Dredging) might make a full bid for the group. Last night British Dredging shares closed 2p down at 39p.

British Dredging's pre-tax loss shows a reduction from £1.07m to £314,000 after exceptional credits of £473000 (£421,000 debits). After all charges there is a net deficit of £355,000 compared with £980,000. Holders are not getting a dividend compared with an interim and only payment of 0.3p for 1976.

British Dredging said that RMC will acquire 50 per cent of the capital of British Dredging (Sand and Gravel), which subsidiary will then acquire 10 dredging vessels, and other assets from British Dredging: the net value of these is estimated at £4.415m. RMC will pay half of that value—£2.2m—over to the group.

The purchase consideration will be applied to reducing British Dredging's debt which in the last balance sheet stood at around £6.8m, some £2.3m of that short term. And for the future the group can look forward to half the burden of the capital intensive dredging side being shouldered by a financially strong partner, RMC, as well as to more formal trading links.

RMC is proposing to enter into contracts with the sand and gravel subsidiary for the supply of marine dredged aggregates, which is hoped will give the fleet substantially more work.

What it will mean to future profitability neither side would say last night. "That will depend on the peaks and troughs of the building industry," said RMC, which intends to maintain its 27.3 per cent stake in the group.

	1977 £000	1976 £000
Turnover	15,840	16,027
Exceptional credit	473	*421
Pre-tax loss	**314**	**1,073**
Tax credits	3	[illegible]
Net loss	311	9[illegible]
Minorities loss	27	[illegible]
Extraordinary items	71	*41
Net deficit	355	980

* Debits. † Credit

May & Hassell disappointing

FOR THE year to March 31, 1978 May and Hassell, timber importer, reports a slump in pre-tax profits from £1,394,000 to £321,000.

At the interim stage when reporting a decline from £1,453,000 to £536,000 the directors said they were hopeful of a reasonable profit for the full year.

They now say that the disappointing results derive principally from losses in two overseas subsidiaries of £290,000 and in the associated company Hallam Group of Nottingham of £727,000. Bad debts of £153,000 in the plywood subsidiary compounded the problem while stock values at March 31, 1978 have been written down by £235,000 to reflect market conditions.

Without these mainly non-recurring difficulties, the profit before tax in almost unprecedently difficult trading conditions would have been close to £1.5m. The U.K. softwood consumption in 1977 was the lowest in 22 years, they state.

An extraordinary credit of £146,000 after tax arose on the discontinuance of the cabinet factory at Hallam. This had the effect of reducing the company's share of the Hallam loss after tax to £298,000.

Inflation accounting adjustment calculated in accordance with the Hyde guidelines would increase the profit before tax by £038,000. This somewhat perverse effect is the result of timber prices having fallen during the year.

Of the future the directors say the company is at present very much underbought. The present weak internal market could become weaker. Although shippers are pressing for higher prices overall these have not been attained. Floating exchange rates are making every purchase a gamble. Currently turnover is slightly ahead of last year. A reasonable, though not extraordinary, result can be expected for 1978-79. The underlying asset strength of 217p per share will stand the group in good stead.

For the year under review earnings are shown to have fallen from 16.6p to 3.5p. The final dividend is 2.12574p net for a 3.06394p (2.77248p) total.

	1977-78 £000	1976-77 £000
Turnover	49,711	47,364
Trading profit	1,048	3,558
Share of associate's loss	727	2,164
Profit before tax	**321**	**1,394**
Tax	192	233
Profit after tax	129	1,161
Extraordinary credits	146	637
Minority losses	122	12
Available	397	1,810
Preference dividend	6	6
Ordinary dividend	218	193

● comment

May and Hassell is becoming the timber analyst's nightmare. Again another torrent of "mainly non-recurring difficulties," many unforeseen at the halfway stage when a "reasonable" full year profit was hoped for, has hit the final figures. The market's earlier forecast was around £1.4m. The two principal problems were the bad debts of £153,000 in the plywood subsidiary, which was affected by a sharp downturn in ordering from the caravan trade in the second half; and the £235,000 of stock losses. M and H's level of stock losses is a worrying portent for the timber groups as a whole this year. For unlike competitors M and H has remained consistently underbought during the last two years of volatile timber prices and volume sales. Although the group was losing market share it was hoping to contain the level of stock losses, a policy which has only paid off in part. In addition losses from the recently acquired Belgium subsidiary totalling £167,000, and another £123,000 in South Africa, again mainly due to bad debts, have not helped. At 62p, up 5p, the group is capitalised at £4.4m: there is group debt of around £13.7m: against shareholder funds of £15.25m to the last balance-sheet although there are stated net assets of 217p. The p/e is over 17, and the just covered yield is 7.8 per cent. Takeover hopes are the only prop for the price.

At least £0.2m for Deanson

PROFITS recovering to a figure in excess of £200,000 are forecast by the directors of Deanson (Holdings) for the year ending September 30, 1978. In 1974-75 they were at a peak of £242,000 but by 1976-77 had fallen to £132,000.

In the half year ended March 31, 1978, the pre-tax balance shows an increase from £65,000 to £115,000 Mr. Dennis Dean, chairman says that despite fierce competition he anticipates that the second half results will approach those of the first and that profits for the full year will be above £200,000.

He explains that the increased profitability has been brought about largely by the printing division maintaining the improvement evident towards the end of 1977, and the packaging division maintaining last year's excellent results.

AGW Computer Security (acquired on March 1) did not contribute to profits in the half year.

A dividend at least equal to the 2.005p paid last year is forecast—the company does not pay interims.

EMAP off to satisfactory start

THE first eight weeks' trading at East Midland Allied Press had been satisfactory with results ahead of the same period last year Mr. Frank Rogers, chairman, told the annual meeting yesterday.

Advertising volumes continued to move ahead and sales levels continued to increase. Progress in eliminating initial teething troubles on the new press had not been as fast as the directors would have wished but these problems were being overcome.

Last year overall results were adversely affected by losses sustained by Northamptonshire Newspapers. Currently this company had been producing much larger evening papers with higher advertising content.

Within the last few days a valuable contract for a weekly publication with a substantial print order had been signed.

Since the annual report a monthly gardening equipment trade magazine and an annual directory had been acquired. In addition the company had bought an advertising freesheet

Crown House up 26% —plans dividend boost

ESPITE TWO strikes, which oved costly to the group, pre-x profits of Crown House ex-nded by 26 per cent to £3.29m the year ended March 31 1978, ainly reflecting a jump from .83m to £1.48m by the glassware vision. And it is planned to give lders a 25 per cent dividend ost.

Reporting at the interim stage hen profits ahead from £0.97m £1.1m were shown) the rectors said that since ptember profits of the glasswear le has been adversely affected the strike of British Oxygen ivers and lift maintenance gineers. However, they felt that e year's group total should ex-ed that of 1976-77.

On the basis of there being no w Government policy limiting vidend increases after July 31 is proposed effectively to step the dividend total from 3.03p 3.8p, with a final of 2.7p.

Full provision has again been ade in the accounts for deferred x including stock appreciation lief, in view of the continuing ssibility of claw-back and the fficulty of evaluating this risk, e directors state. Earnings per p share before deferred tax are ated at 13.1p (9.4p) and at 6.7p .3p) after that tax.

Looking ahead the directors ate that orders generally in both gineering and glassware are be-ming more difficult to obtain, articularly from the home arket. Export markets for glass-are are also proving more com-etitive. Despite this a further lvance in profit is foreseen for e current year given no serious lverse trading experience.

	1977-78 £000	1976-77 £000
urnover	93.942	76.863
ofit before tax	3.291	2.607
Elec. and mechanical	1 787	1.598
Glassware	1.478	848
Miscellaneous	26	161
ax payable	33	680
ax deferred	1.743	664
et profit	1.517	1.263
inorities	89	129
ttributable	1 424	1.135
xtraord. credits	140	†48
ividends	814	651
etained profit	750	432

† Debit.

Group net assets expanded uring the year from £11.3m to 13.2m. Capital expenditure mounted to £1.6m and is udgeted at £4m for the current ear.

Work in progress which had a ross value in excess of £58m £54m) has again been valued by eference to the completed con-ract method, without any addition or so-called accruing profit. This ethod complies with the new nternational exposure draft on ccounting for construction con-racts but does not comply with e UK Standard 9 in relation to contracts of more than 12 months' duration.

● comment

With strikes costing £200,000 and exports becoming more difficult, *Crown House did well to boost* second half profits by a third, and the shares jumped 4½p to a year's high of 39p. Much of this is due to the glassware divi-sion where, thanks to Dema's much wider product range and greater penetration into the public house/catering and domestic market, volume sales are around a tenth higher for the *year: margins here have im*proved by more than 2½ points to 8.5 per cent and profits are 74 per cent higher, in spite of more difficult export markets which have been hit by the stronger pound. Meanwhile, the major slive of Crown's profits still come from electrical and mechani-cal services but this division is having to contend with a more *competitive home market and* fewer completions overseas. Here, conditions are likely to remain difficult until the construction industry starts to recover and with glassware orders becoming more difficult, only marginal growth can be expected in the current year. The shares are on a p/e of 8.4 while the yield is 10.2 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—General Consolidated Investment Trust J. and H. B. Jackson, Donald Macpherson, Neil and Spencer.

Finals—Marling Industries, Moorgate Investment, NMC Investments, Ratners (Jewellers), Textured Jersey, United British Securities Trust R Kelvin Watson, Wilkinson Match, F. Wrighton.

FUTURE DATES

Interims—	
Amatil	July 19
Gestetner	July 14
Hill and Smith	July 27
Status Discount	July 17
Finals—	
Burt Boulton	July 20
Dyson (J. and J.)	July 31
Fitch Lovell	July 27
Howden	July 13
Raybeck	July 12
Sheffield Refreshment House	July 19
Super Electrical	July 14
Sylone	July 18
Trafford Carpets	July 13
Vita-Tex	July 20

BARCLAYS INTL. NEW BRANCH

Barclays Bank International opens a new branch in the centre of Abidjan, Ivory Coast, tomorrow.

It will provide a full range of domestic and international banking services and is being established to supplement the existing West African network of the Barclays Group.

Recovery projection by Randalls

SO FAR in the current year progress at Randalls Group has been satisfactory, says Mr. C. R. Randall, chairman. And he is resonably confident that the company will make a good recovery over the year as a whole.

As already reported for 1977 the group *incurred a pre-tax loss of* £284.597 compared with a profit of £715.207. The group's primary business is the distribution of building, engineering and electrical materials.

Mr. Randall points out that these results bear no comparison with 1976 nor those which are likely in 1978 because they have been so much affected by decisions to disengage from trading activities which are not directly related to the more profitable sectors of the company's business.

Disengagement has proved very costly in the short term com-*pounded by there being no* benefit from an immediate reduction of overhead expenditure and by residual costs related to terminations which, nevertheless, have had to be absorbed into current trading accounts.

In terms of the future, however, these adverse results are now behind the company and its resources are being concentrated *in support of those sectors of the* business which have the most profitable prospects.

A decision has been taken to withdraw from the Nigerian market and provisions have been made in the accounts to cover the termination of the company's participation in Danaran International Nigeria.

This is the subject of a quali-*fication by the auditors who say* that in the absence of accounts and full information from Nigeria they are unable to say whether or *not the* provision of £575.647 is excessive.

James Latham setback

WITH turnover for the year to March 31, 1978, down from £27.37m to £25.84m pre-tax profits of James Latham, timber merchants, declined from £1.32m to £0.96m.

At halfway when reporting a fall from £802,000 to £501,000 the directors said it was too early to predict the outcome of the full year but there were signs that the market was beginning to improve.

Earnings per £1 share are stated at 22.3p (23.6p) and the final dividend is 4.80p net for a 7.34p (6.686p adjusted) total, costing £190.545.

A scrip issue of new 8 per cent cumulative preference shares of £1 each on the basis of one new share for every three ordinary held is also proposed.

Resolutions will also be proposed to vary the rights of the two existing classes of unlisted preference shares so as to form a single listed preference issue with the new shares. Existing "A" preference holders will receive capitalisation issue of one new preference share for every five "A" preference held. If the proposals are approved, the issued preference capital would consist of 948.830 8 per cent cumulative preference shares of £1.

Tax for the year took £395.000 (£721.000) and dividend absorbed *£194.000 (£168,000).*

Profit is shown after releasing *the provision for future strike* diversion costs of £46.000.

The charge for tax is after crediting £114.000 being provisions made in previous years no longer required.

In accordance with D19, deferred tax provisions of £808.000 have been released (£587,000 relates to stock appreciation relief and has been credited to profit and loss account while the balance of £221.000 in respect of unrealised surpluses on property revaluations has been transferred to Capital Reserve).

Euston Centre turns in £2.6m

After an improvement from £730.000 to £1.240.000 at midway, pre-tax revenue of Euston Centre *Properties, which is wholly* owned by Stock Conversion and Investment Trust, and George Wimpey, advanced from £1.557.810 to £2.605.573 for the year to March 31, 1978.

Tax took £1.340.313 (£792.626) and dividends absorbed £1,250,000 (£760,000).

Record for Oil & Associated

PRE-TAX REVENUE of Oil and Associated Investment Trust improved by £67.638 to a record £322.253 for the year to March 31, 1978. Year end net asset value per 25p share stood lower at 70p, against 72p last time.

After UK tax of £111,744 (£80,452) and foreign tax of £13.333 (£12.757) earnings per share are stated at 2.1p (2.08p) basic or 2.06p (1.91p) fully diluted. A net final dividend of 1.518p lifts the total to 2.0955p (1.95p).

Provident Life new business increase

A dramatic increase in new life business for the first half of this year is reported by the Provident Life Association of London. New annual premiums on life and annuity business increased by *more than half to £1.7m, although* single premiums fell slightly to £315,000. New sums assured were 30 per cent higher at £109.6m, while new annuities per annum more than tripled to £673.000. The number of new policies advanced by nearly 2.000 to over 9.000.

The company, in common with other life companies, had received a considerable boost in group *pension* business following the implementation of the new State pension scheme on April 6, 1978. It has also seen a good increase in self-employed pension business. On the individual side of the business a buoyancy house purchase market resulted in a rise in contracts taken out to repay house mortgages. But in addition there has been a rise in *sales of traditional with-profits* contracts following a campaign to encourage the field staff to direct sales towards this sector and away from whole life nonprofit policies.

Whitecroft prepares way for future expansion

AN INCREASE in the group's borrowing limit from £0.5m to £5.8m is proposed by the directors of Whitecroft. They believe the future plans for expansion of the company would be restricted by the existing "unrealistic limit." However, the Board does not intend to take advantage of the new limit to any great extent in the foreseeable future. At the end of last year borrowings amounted to about £8.5m.

As to prospects for the current year Mr. John Taveré, the chairman, says that, given only a moderate improvement in economic conditions, further progress should be achieved. Also the directors are confident that they are embarking on a period of sub-*stantial development measured in* all relevant terms, and they continue to seek acquisitions of a kind that are compatible with the group's capabilities.

Moorlite Electrical, which the company bought for £3.24m in April, is expected in 1978-79 to exceed the £710,000 profit attained last year.

For the year to March 31, 1978, the group's taxable earnings fell from £5m to £4.25m on sales marginally down at £55 1m (£56m) and the net dividend is stepped up to 13.4p (12p) *per 50p share— as reported June 27.*

The revision of borrowing powers comes as part of a package of changes aimed at up-dating the company articles of association and restructuring its capital to make it more marketable. It includes a proposal to raise the preference dividend to 4.1p (3.85p).

The alterations would also allow for directors to be paid out of a total sum not exceeding £20,000, instead of leaving their fees to be determined at a periodic general meeting. In addition, in future it would require the whole Board and not just three quarters, as at present, to call for the resignation of a director, and directors must retire at 70 and their reelection made subject to a special notice.

An analysis of turnover and profit by activity shows with £000s omitted: textiles £26.338 (£24,937) and £2,209 (£2,588); *building and engineering sup*plies £18.029 (£15.638) and £1,099 (£1,538), engineering and construction £10.519 (£15.381) and £846,000 (£612.000) and parent company surplus £100,000 (£266,000). Exports amounted to £3.79m (£3.56m).

On a current cost basis along the Hyde guidelines, group profit came out at £3.24m (£2.24m) after additional depreciation of £677,000 (£634,000) and extra cost *of sales of £504 (£2.9m), and a* gearing adjustment of £259,000 (£773,000).

Bank overdrafts at year end were up at £5.71m (£2.75m) and capital *commitments* amounted to £656,000 (£1.01m) of which £155,000 (£29,000) had been authorised but not contracted.

Kevan Pilling and Co., who have been joint auditors of the company since incorporation in 1900, have agreed to step down to enable Spicer and Pegler to become sole auditors for the parent company.

Meeting, Manchester, on July 31 at noon to be followed at 12.10 pm by an extraordinary meeting.

Buoyant dealing at Bradford Property Trust

Dealings profits at Bradford Property Trust currently continues to be buoyant Mr. Henry Warner, the chairman, tells members. For 1977-78 the property dealing companies lifted taxable earnings from £1.94m to £2.71m with the help of a £775.000 surpls from the sale of land at Martlesham.

The new village being built on the former airfield at Martlesham Heath near Ipswich, is now beginning to take shape. Sales are completed for all but seven of the 121 dwellings in the first two *hamlets and for about half of the* 31 houses in the third. Also construction of a fourth hamlet of 66 houses has begun, he reports.

For the year to April 5, group profit rose to £4.36m (£3.4m) with the surplus from property rentals up from £1.24m to £1.45m. The net dividend is stepped up to 6.8097p (6.14389p) per 25p—as reported June 21.

At year end net liquid funds were up £1.79m (down £707,635) with cash and bank balances at £120.950 (£79,756). In the directors' opinion the market value of *properties held as current assets* on April 5 was in excess of £25m compared with a book value of £8.24m.

The income from the industrial estate continues to grow reflecting the spending of £0.23m on extensions and new buildings, Mr. Warner says. It includes rents from the new squash club which had made a very successful start.

Meeting, Bradford, on August 3 at noon.

Wearra makes good headway

PRE-TAX profit of Wearra Group footwear manufacturer and distributor, advanced from £102,000 to £178,000 in the half year to March 31, 1978.

Successful marketing of the company's David Scott shoes resulted in an improved level of orders and at the same time sales in its own shops exceeded targets. Turnover was ahead from £2.93m to £3.41m.

The directors say that present indications are that the company will continue to progress through *the remaining months of the year.*

The interim dividend per 10p share is raised from 0.406p to 0.447p net at a cost of £17.880 (£16.240). Last year's total payment was 1.306p from profits of £303.082.

First half profit was struck after interest of £11,000 (£34,000). Tax takes £93,000 (£52,000).

Chown extends accounting period

The accounting period of Chown Securities is to be extended from June 30 to December 31.

This will enable the accounts and balance sheet to reflect the reduction of capital and share premium account approved at the EGM on June 13 and which is subject to the confirmation of the court.

The change means that there will be an 18 month trading period to December 31, 1978.

An interim statement for the *six months to December 31, 1977,* was issued on June 2 and it is the intention of the directors to issue a further interim statement for the 12 months to June 30, 1978, in due course.

Derritron to at least hold ground

LTHOUGH, as a result of inflaon and price cutting, margins r capital goods in Derritron roup's specalised companies have een under pressure, Mr. A. W. Rudd, chairman, is condent that the fortunes of the roup will continue to improve id profitability will at least be aintained.

As reported on July 1, pre-tax rofits for 1977 rose from £362.000 £644.000.

Derritron Electronics continued s growth improvement and conibuted substantially once again profits.

The major development phase f Hanbush has continued but desite this it was able to improve s performance during the year, eports Mr. Rudd.

As a result of delays in obtainig foreign government approvals or the company's principal prouct, Reslosound has yet to conibute to profits. The establishment of Derritron (Eire) Teoranta, the printed circuit design company, has taken longer than originally planned and in consequence the group has continued to bear losses on this operation.

The group's publishing activities carried on by Technical Indexes were sold as a going concern as the Board, in line with its strategic policy was seeking to expand its interests in the environmental test field. Following the intervention of the Monopolies Commission it was not practicable to *proceed with the proposed* takeover of British Electronic Controls. However, subsequent to the year end the company acquired Servotest, a company engaged in design and manufacture of servo hydraulic test systems.

This acquisition complements the product range already designed and manufactured within the group.

On behalf of Servotest, Derritron was able to secure a contract for installation of a *seismic* test laboratory in the USSR valued at £2.7m. It is hoped that this laboratory will be the first of several such systems provided by the group over the next few years.

The value of exports during the year was £2.12m representing 60 *per cent of total turnover.* Over 90 per cent of exports are supplied to Europe.

Amalgamated Industrial Holdings holds 83.03 per cent of the company.

Meeting, Winchester House, EC, July 31, at 12.30 pm.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

EXCLUSIVE REPRESENTATIVE
FOR SEVERAL
FOREIGN BANKS
SEEKING QUALIFIED
BUSINESS BORROWERS

Brokers protected. Local representatives wanted. Write Swiss-American Combine, P.O. Box 680 Panama 1. Panama.

ARE YOU SEEKING NEW CUSTOMERS?

Team of top Sales Executives with access at all levels, are at your disposal to get your company large volume, long term contracts with the motor, domestic electrical and other consumer durable industries. If you manufacture a good, competitive product, have a good quality control department and want to expand NOW—either in the U.K. or Europe—contact:

PETER J. GARRINI & ASSOCIATES LIMITED
130a Burnt Oak Broadway, Edgware, Middlesex.
Tel: 01-952 6626 - Telex: 923598

TAX PLANNING

New industrial building almost complete. 25-year lease to subsidiary of major public company, with five-year reviews. Price £60,000, giving yield in excess of 11.5% p.a. Tax allowances in first year of 54% and 4% per annum thereafter on £60,000. Location Scotland: 66⅔% mortgage over 15 years available.

Telephone: Mr. Raitt 0674-3388

U.K. Based International Freight Forwarders

seek to expand their activities by the acquisition of a small/medium size travel agency with I.A.T.A. licence ideally situated in London or Home County. All replies treated in strict confidence. Write Box G.2226, Financial Times, 10, Cannon Street, EC4P 4BY.

COMPANY

with proven expertise in developing and marketing perfumery, cosmetic and toiletry products seeks liaison with company looking for new lines to promote on royalty or licence basis. Products both new and unique are available for immediate promotion and several more are in process of development.
Principals of companies able to offer substantial support should apply in first instance to Accountants
Colin Essex,
AARONS, ESSEX DOVER CO.
Catherine House
25/27 Catherine Place,
Buckingham Gate, London SW1

PRIVATE INVESTOR REQUIRED

With £50,000-£100,000 for Financial Company Based in the City of London. Directorship & Shareholding Available.

Apply to Box G.2227, Financial Times, 10, Cannon Street, EC4P 4BY.

NEW FINANCIAL APPROACH

Holding Company has interest in seven small firms and wishes to acquire two more. £500,000 wanted as debenture loan notes part convertible. Directorship available. Turnover £1,000,000, profit £200,000 increasing. Suit Pension Fund or Merchant Bank. Brokers welcome but disclosure principal essential after acknowledgement.

Write Box G.2228, Financial Times, 10, Cannon Street, EC4P 4BY.

FULLY INTEGRATED METAL PROCESSING DIVISION OF U.S. COMPANY AVAILABLE FOR PURCHASE

Davenports, Greenlees, Brown & Sharpe screw machine capabilities. Tool room, secondary operations. Full plating facility in plant. Real estate includes 70,000 sq. ft. one-storey building on 6½ acres. Principals only please.
Please contact:
THE EQUITY GROUP, INC.
1350 Avenue Of The Americas,
New York
New York 10019

COMMERCIAL MORTGAGES AVAILABLE

at competitive rates

Periods up to 15 years on Freehold or Long Leasehold owner occupied premises.

CREDIT ADVISORY SERVICES LIMITED
1 St. Pauls Road, Bristol 8.
Tel: (0272) 36489/294575

LANDMARK INTERNATIONAL HOTELS LIMITED

is extending its activities to the United Kingdom and would welcome association with investors for the purpose of acquiring prime hotel properties. Participation can also be arranged in some Landmark hotel projects in the Middle East.

Write in confidence to:
Landmark International Hotels Ltd.,
Landmark House,
1, Great Scotland Yard,
Whitehall, London SW1A 2HJ

FINANCE FOR MANUFACTURING COMPANIES

An established, unique and successful (not factoring) service is available to manufacturing or related companies experiencing severe survival, liquidity, or viability problems.

J. E. Forbes-Dale 01-948 4612

IBM ELECTRIC TYPEWRITERS

Factory reconditioned and guaranteed by IBM. Buy, save up to 40 p.c. Lease 3 years from £3.70 weekly. Rent from £29 per month.

Phone: 01-641 2365

LIMITED COMPANIES FROM £69

Formation in Britain and all major countries and off-shore areas including ISLE OF MAN, PANAMA, LIBERIA and DELAWARE
Efficient personal service. *Contact:* CCM Ltd., 3, Prospect Hill, Douglas, Isle of Man. Tel: Douglas (0624) 23733. Telex: 627900 BALIOM G.

MANUFACTURING CO. SURREY AREA

REQUIRES ADDITIONAL CAPACITY FOR EXPANSION
At present sub-contracting £100,000 of presswork per annum. Surrey-based firm *preferred*. Please send details of capacity available, e.g. presses, etc.
Write Box G.2121, Financial Times, 10, Cannon Street, EC4P 4BY.

CANDY-FRUIT-NUTS

U.S. West Coast Manufacturer and Distributor wholesale. Over 600 accounts. Est. over 40 years. $2,500,000 gross sales, employees 100, family managed. Wants to be acquired by foreign firm in similar field. Call 213-540-4177.

Aubrey Yuen & Associates.
Att.: Mr. Earl P. Gilbrech
3858 Carson St., Suite 220,
Torrance, Calif. 90503 U.S.A.

PARTICIPATION AND INVESTMENT

Ex-company M.D. in late fifties seeks active participation with £100,000 investment in existing business or new venture. Extensive experience of financial, marketing, property and leisure fields.

Write Box G.2206, Financial Times, 10, Cannon Street, EC4P 4BY.

CAR REFINISH PAINT

Leading UK car refinish paint ½ hour synthetic for sale. Perfect condition. Wide variety of car manufacturers' colours. Export only. £1.25 per 1 litre c.i.f. for bulk orders only

PHONE 051 523 4022 TELEX 627608

We are open to discuss the marketing of a limited number of products

Our connections cover U.K. and Europe with a bias in the Leisure Industry
Please send details of your products to
GOLDTREES LTD.,
Walmsley House, Spring Bank,
HULL HU3 1QB

DESIGN LICENSING

Architect seeks partner (or firm) in socially desirable, low risk but potentially multi-national business venture.
CAPITAL REQUIRED £20,000
Write Box G.2230, Financial Times, 10, Cannon Street, EC4P 4BY.

INVESTORS NEEDED

for low budget film based on popular TV series. Attractive terms offered by reputable U.K. producer

Write Box G.2229, Financial Times, 10, Cannon Street, EC4P 4BY.

OVERSEAS RESIDENTS. Send for our free brochure on expatriate services and supplies. Expat Box 328 London SE21 8HG Telex 947431 EXPAT G.

£1 A WEEK for EC2 address or phone messages. Combined rates + telex under £3 a week. Prestige offices near Stock Exchange. Message Minders International. 01-628 0898. Telex 8811725.

LIMITED COMPANIES

FORMED BY EXPERTS
FOR £78 INCLUSIVE
READY MADE £83
COMPANY SEARCHES
EXPRESS CO. REGISTRATIONS LTD.
30, City Road, EC1
01-628 5434/5/7361, 9934

EXPORT AID

Are you already exporting to Europe but feel that your products are not getting the exposure and distribution they deserve

Are you *not* exporting but feel that your products would sell well given the right amount of opportunities and sales effort? Would you like to export but lack the organisation and physical resources of an export department?

If your answer is yes to any of these questions then we can help.

IEM has the organisation—14 overseas offices, all with highly qualified staff—and direct connection with the principal buyers of major retail outlets such as Departmental Stores, Supermarkets, etc.

We are already helping many client companies to market their products in the following categories:—FOOD CONFECTIONERY, WINES, SPIRITS, TEXTILES, CERAMICS PACKAGING, SPORTSWEAR, FURNITURE, BABY AND CHILDREN'S WEAR, PLASTICS, AND OTHERS.

Perhaps you would also qualify for one of the Government schemes available which offer financial assistance to serious exporters.

For additional information write or telephone:

IEM Export Marketing,
Royal London House,
16 Finsbury Square,
London EC2 1BR.
Tel: 01-638 8756/7
Telex: 885575

Cash Voucher

This cash voucher entitles your company to an immediate
75% CASH AGAINST INVOICES

Cash flow problems? Then cash this!

Need Cash Now? You've got it right there on your books! Confidential Invoice Discounting Ltd gives you 75% cash against invoices—money you can put to work today. Our invoice discounting system is entirely confidential. Your clients remain totally unaware of its existence. For the full facts post this voucher now or phone us direct.

Confidential Invoice Discounting Ltd.
Circus House New England Road, Brighton, Sussex BN1 4GX
Telephone Brighton (0273) 606700 Telex 87382.
Also Birmingham Cardiff Leeds London, Manchester.
A subsidiary of International Factors Limited.

SUB CONTRACT YOUR PACKING

to the experts. Complete and efficient team at your disposal at very short notice. Our very competitive rates will delight you. Send for full descriptive brochure, giving all details to the company's sales representatives or phone:

PETER J. GARRINI & ASSOCIATES LIMITED,
130a Burnt Oak Broadway, Edgware, Middlesex.
Tel: 01-952 6626 - Telex: 923598

114 years of forming companies has taught us a thing or two

Jordans
the best of companies

REQUIRED ADDITIONAL BANK FACILITIES

Medium-sized company trading internationally in building materials, fertilisers, foodgrains. 1977 turnover US $25m. *Half year 1978 US $25m.*
Write Box G.2168, Financial Times, 10, Cannon Street, EC4P 4BY.

PATENTED FOOD WASTE DISPOSAL UNIT FOR SALE

Outright sale including Patent Rights, manufacturing know-how, patterns, tools, jigs, fixtures, fittings, etc., also stock of components. Company disposing of, due to rationalisation. Design permits of fitting to standard sink outlet. A very reasonable price is asked for the complete project. For further particulars write to the Managing Director, Box G.1774, Financial Times, 10, Cannon Street, EC4P 4BY.

INTERESTING INVESTMENT OPPORTUNITY IN CANARY ISLANDS

Apartment house containing 140 apartments for sale in dense tourist area. 12% return guaranteed by major European bank.
Please reply to
NIMBUS S.A.
Apartado 177 Maspalomas de Gran Canaria, Spain

£250,000 AVAILABLE

by private investor to acquire majority holding in U.K. based company.
Interested parties please reply to Box G.2230, Financial Times, 10, Cannon Street, EC4P 4BY.

20% PAID ON SECURED AND 25% PAID ON UNSECURED LOANS

required by up and coming young property speculator.
Write Box G.2231, Financial Times, 10, Cannon Street, EC4P 4BY.

PARTICIPATION in Self Catering Holiday Complex offered in low tax area. Spectacular coastal site to develop. Suit factory built unit manufacturer in particular. Write Box G.2232, Financial Times, 10 Cannon Street, EC4P 4BY.

NAMAC — TO SELL OR MERGE

your company to your very best advantage, you need the professional expertise of the National Association of Merger & Acquisition Consultants with 40 member firms in the USA and in Europe. NAMAC has had particular success with firms selling for $1,000,000 or more. For a member firm near you who can arrange a discreet, confidential contact with a qualified buyer, write to NAMAC, 4255 LBJ Freeway, Suite 282Y, Dallas, Texas 75234, USA.

FINANCE FOR THE SMALLER COMPANY

For further information contact:
K. Dean,
ARBUTHNOT FACTORS LTD.,
Breeds Place, Hastings,
E. Sussex.
Tel.: 0424-430824

BUSINESSES FOR SALE

Precision Engineering Business FOR SALE

Long-established with approved inspection organisation. Fully equipped for milling, turning and toolroom work. Location: North London Suburb. Present turnover £¼m and increasing. Net assets in excess of £100,000. Good profitability, lease and workforce.

Write Box G.2240, Financial Times, 10, Cannon Street, EC4P 4BY.

BUSINESS FOR SALE IN WEST GERMANY

U.S company engaged in the manufacturing and distribution of office supply products with world-wide brand names is interested in selling its German Subsidiary. Excellent production facilities. *Contact Box F.1032, Financial Times, 10, Cannon Street, EC4P 4BY.*

FENCING CONTRACTORS SCOTLAND

Successful established business. 2 Depots, Aberdeen and Edinburgh. Turnover £700,000.

Write Box G.2225, Financial Times
10 Cannon Street, EC4P 4BY

RACE HORSE STUD FOR SALE

1½ mls. from Lambourn. 45 mins. Heathrow. 152 Acres. Has been operating for 2 years. Still in need of development. Further details telephone: Nigel C. Wright, Lambourn (0488) 71042.

FOR SALE AMUSEMENT PARK (5 acres)

Turnover approx. £200,000
North West Area
Write Box G.2226, Financial Times, 10, Cannon Street, EC4P 4BY.

FOR SALE

Well Established & Leading
STONE & PRECAST CONCRETE MANUFACTURER
T/O £500,000 P.A. PLUS
Freehold 10 acres. Buildings 56,000 ft. su. approx. Plant. Valuable trading connection etc. SAV.
Write Box G.2241, Financial Times, 10, Cannon Street, EC4P 4BY.

BUSINESSES WANTED

ELECTRONICS

A Midland-based group of companies which is diversifying in a number of areas wishes to acquire a small, local company in the electronics field. Preferred size would be 30-50 people. Cash and market resources available for further development. All interested parties are invited to write, in complete confidence, for further discussions.
Please reply to Box G.2237, Financial Times, 10, Cannon Street, EC4P 4BY.

FOR SALE

Property and Casualty Company
Domiciled in New York
Virtually dormant but licenses current
Serious inquiries from principals only in writing to Box G.2233, Financial Times, 10, Cannon Street, EC4P 4BY.

SMALL PUBLIC COMPANY

offers cash and/or equity and Board representation to profitable well-managed business based in Northern England.

Write in confidence to:
County Bank Limited.
86 King Street, Manchester M2 4NR.

ELECTRONICS COMPANY

£ million turnover and strong assets wishes to expand by acquiring a company in the electronics or engineering field. Cash available £50,000-£500,000. Part acquisition considered.
Write in confidence Box G.2239, Financial Times, 10 Cannon Street, EC4P 4BY.

BUSINESSES FOR SALE AND WANTED APPEAR EVERY TUESDAY AND FRIDAY

PRECISION ENGINEERING COMPANY

Long established company situated in Greater Manchester for sale. Company fully equipped, good work force, own products, good customers and order book, with long record of profitability.
Enquiries from pricipals only to Box G.2234, Financial Times, 10, Cannon Street, EC4P 4BY.

RESIDENTIAL BUILDING CO. FOR SALE

Location: North-East England. Land bank: 3 years representing £4m T/O. Sales: £1m — contracted. Net profit, current year £200,000. No overdraft. Strong cash flow.
No time wasters please.
Write Box G.2235, Financial Times, 10, Cannon Street, EC4P 4BY.

MODERN DOMESTIC LIGHTING. Manufacturing Company. Sales £150,000. Suited incorporation similar business. Write Box G.2236, Financial Times, 10, Cannon Street, EC4P 4BY.

SUCCESSFUL PRIVATE COMPANY chairman seeks additional challenges. Proposals in fast moving consumer products treated in strictest confidence. Principals only please write Box G.2211, Financial Times, 10, Cannon Street, EC4P 4BY.

PLANT AND MACHINERY

PRE-OWNED BRIGHT ANNEALING FURNACE

A company engaged in the manufacture of stainless steel and nickel alloy tubing wishes to acquire a continuous operation Bright Annealing muffle Furnace.
The furnace would utilise a 'cracked' ammonia atmosphere and will therefore include all atmosphere generation and drying equipment. While a gas-fired unit would be preferred, this would not exclude consideration of alternative heat source furnaces.
Reply: ENERGY TUBES LIMITED,
Paynes Lane, Coventry. Tel: 0203 29362/5 or Telex: 312226.

MINING NEWS

Diamond sales at new peak

BY KENNETH MARSTON, MINING EDITOR

WORLD sales of rough gem and industrial diamonds handled by the Central Selling Organisation on behalf of De Beers and other world producers have hit a new record in the first half of this year. The value has climbed to R1.06bn ($1.22bn).

This represents an increase of 13 per cent over the previous R943.4m record for the first half of 1977 and is 24 per cent up on the R859.3m obtaining in the second half of that year. It is thus a reasonable expectation that the total sales value for 1978 will also reach a new high.

	Six months to June Rm.	Dec. Rm.	Year's Total Rm.
1978	1 045.5	—	—
1977	943.4	859.3	1,802.7
1976	692.9	[illegible]	1,551.0
1975	355.1	438.4	793.5
1974	525.2	[illegible]	849.1
1973	478.7	441.9	920.6
1972	325.4	332.1	[illegible]
1971	220.1	226.5	446.6
1970	200.2	177.7	[illegible]
1969	260.1	234.5	494.6
1968	202.2	223.6	425.8

The latest half-yearly sales figure is much in line with the more recent scaled down market estimates. It does not stem from any increase in the quantity of diamonds sold—this may have been smaller—but is a reflection of the higher prices charged.

Following an increase of an average of 15 per cent in March last year, the basic price of gem diamonds was raised by a further 17 per cent in December. In addition, the CSO has imposed surcharges of 40 per cent, 25 per cent, 15 per cent and 10 per cent at the four respective "sights" (sales) held this year in March, May, June and July. The last sight was held yesterday and there are 10 sights a year.

The surcharges were levied in order to dampen speculative trading in the diamond market; merchants seeking a hedge against currency and political instability have been holding on to rough gems instead of passing them along the processing chain with the result that stones were at one time changing hands at anything up to 100 per cent premiums over CSO prices.

The subsequent reductions in the surcharge show that the CSO policy has achieved the desired effect and, indeed, the market is now much cooler. Another reason for its current quietness is that with holidays in the Antwerp and Israel cutting centres now approaching the dealers are reluctant to finance sizeable stocks.

Apart from this seasonal turndown, the market will be waiting for the outcome of the next sight on August 21. This should give some guidance on prospects for second half 1978 sales, especially in regard to the U.S. market. The latter accounts for about 50 per cent of all gem purchases and merchants will be buying for the Christmas trade which absorbs about 40 per cent of U.S. sales.

Unless there is to be a further increase in the basic CSO prices, diamond sales for the rest of this year seem unlikely to match the exceptional first half levels. However, there is little doubt that De Beers' earnings for the full year will show a further advance although, here again, the half-year results which are due in August, may not be matched in the second half. The shares rose 8p to 384p yesterday.

TYNAG MINE IS SHUT DOWN

The lead and zinc emine at Tynagh in County Galway, owned by the Northgate group's Irish Base Metals, shut down yesterday because of a dispute over redundancy payments. The mine is in any case due to close, with the loss of 350 jobs, at the end of next year, because the ore body is worked out, reports our correspondent in Dublin.

The closure follows the refusal of workers, who are seeking better redundancy terms, to load concentrate for shipment.

The unions involved met yesterday afternoon to consider the situation but reached no firm conclusion. The mine will probably re-open if there is an early settlement to the dispute, but there is a danger that a prolonged closure might make the company reconsider the date for final shutdown. The mine is already losing money.

ROUND-UP

The State-owned Mining Corporation in Burma has concluded a project agreement with Invest Import of Yugoslavia for the mining and smelting of copper in the Monywa district to the north of the country, writes our Rangoon correspondent. With another Yugoslav firm called *Mining and Smelting Bor*, Invest Import will construct a smelter with an annual capacity of 60,000 tons.

* * *

Faced with mounting losses and unable to make loan payments on time, Hecla Mining, the U.S. group, is working with a group of New York banks to rearrange the terms of a $55m (£29.3m) loan originally advanced to finance participation in the Lakeshore copper mine of Arizona. Hecla has spent more than $100m on the mine, which has closed because of low prices.

* * *

Drilling in northern Saskatchewan, Asamera Oil, has encountered narrow widths of apparently good grade uranium within a 396 feet zone. So far 12 holes have been drilled. Asamera is the operator of a joint venture with Canadian Kelvin Resources and the Saskatchewan Mining Development Corporation.

Police called to EZ meeting

POLICE YESTERDAY cleared demonstrators from a rowdy meeting of Australia's EZ Industries, one of the partners in the Ranger uranium project in the Northern Territory and previously a target of demonstrators. Scuffles broke out but there were no arrests, reports James Forth from Sydney.

The meeting was called to pass a resolution which would hinder demonstrators' ability to attend future meetings, although this was not its ostensible purpose.

The directors were seeking shareholders' approval for an alteration of EZ's articles, which would enable the Board to refuse to register stockholdings of less than 100 shares, or unpaid shares. Opponents of uranium mining have in the past bought small parcels which enabled them to attend shareholders' meetings and voice their opposition.

The directors said the main purpose behind the resolution was to cut costs and not to exclude small shareholders. Registration costs amounted to A$8 (£4.90) per shareholder per annum. EZ had almost 33,000 shareholders of whom only 1,000 held less than 100 shares.

The meeting was attended by about 35 people from a group known as Shareholders with Social Responsibility, which is closely related with anti-uranium organisations like Friends of the Earth and the Movement against Uranium.

During the meeting the demonstrators fired a barrage of questions at Sir Edward Cohen, EZ chairman, and the meeting descended into a shouting match.

When Sir Edward put the resolution, demonstrators began showering the directors and other shareholders with confetti and streamers, blowing whistles and dancing around the Board table. Police stepped in and escorted several of the demonstrators from the meeting.

Despite the protests, and a poll, the resolution was passed with a 99.7 per cent majority. Amendments to lower the minimum allowable transfer to 50 or 75 shares were defeated.

Declining tin production

THE DECLINING production trend at several of the leading Far Eastern tin properties is underlined by the latest monthly output figures from Malaysia Mining Corporation. Notably affected is Ayer Hitam which is operating in low-grade ground. The mine's June tin concentrate production makes a 12-month total of only 1,794 tonnes against 4,132 tonnes for 1976-77.

	June tonnes	May tonnes	April tonnes
Aokam	107	111	141
Ayer Hitam	[illegible]	229	[illegible]
Berjuntai	561	[illegible]	[illegible]
Kamunting	37	35	34
Kramat	34	33	32
Kuala Kampar	16	21	19
Lower Perak	22	31	29
Malayan	225	[illegible]	[illegible]
Sthn. Kinta Cons.	121	131	136
Sthn. Malayan	165	153	139
Sungei Besi	161	147	146
Tongkah Hrbr.	42	29	24
Tronoh Mines	177	221	208

Malayan Tin also completes its financial year with a reduced total of 2,368 tonnes which compares with 3,242 tonnes in the previous 12 months, while Southern Malayan has produced 1,978 tonnes against 2,178 tonnes, Tongkah Harbour's total for the past year amounts to 437 tonnes against 613 tonnes.

On the other hand, Tronoh is still keeping ahead, despite a lower output in June, with a six-month total of 1,220 tonnes compared with 1,072 tonnes a year ago.

Of the group's mines which have completed three months of their financial years, Sungei Besi's cumulative total amounts to 458 tonnes against 401 tonnes, Southern Kinta 408 tonnes against 437 tonnes and Kamunting 106 tonnes against 128 tonnes.

In the production figures for June issued by the Gopeng group, that of Gopeng itself has fallen as a result of flooding at one section of the mine. The total output for the past nine months amounts to 1,247½ tonnes against 1,397 tonnes in the same period of 1976-77. Pengkalen's nine-month total is only 78½ tonnes against 148¾ tonnes a year ago.

	June tonnes	May tonnes	April tonnes
Gopeng	[illegible]	[illegible]	[illegible]
Tekong	[illegible]	14	15
Idris	[illegible]	15	14
Pengkalen	9½	9½	7½

MINING BRIEFS

PETALING TIN—June output 130 tonnes (May 130 tonnes).

ANGLO AMERICAN CORPORATION—Coal division sales output for June (figures are stated in metric tons): Bituminous: Amalgamated (Cornelia) 221,400; Anglo Power (Arnot) 455,919, (Kriel) 567,516, Bleskbok 27,091; Coronation (Bank) 167,910; New Largo 150,005; S.A. Coal Estates 340,212; Springbok 196,325; Springfield 186,470; Vryheid Coronation (Coal) 21,470, (Coke) 35,611. Other Collieries: Vierfontein, [illegible]; Zululand Natal Collieries Indumeni [illegible]; Anthracite: Balgray [illegible]; Natal Anthracite [illegible]; Rhodesia: Wankie (Coal) 201,284 (Coke) [illegible]; Swaziland: Swaziland Collieries Mpaka Mine 25,745; Botswana: Morupule 21,082. Group total, [illegible].

41 companies wound up

Orders for the compulsory winding up of 41 companies were made by Mr. Justice Oliver in the High Court yesterday. They were:—

Jacksons (Crumpsall), KTV Films, R. and K. Mobile Fitters (Grimsby), Lancair Export Services, West Midland (Oswestry) Tyre Company, Super-Write Services, Wardman Building Company, Taylor Shaw, Jerrow Manufacturing (Hollingworth), Gas Drive Auto Conversions, Evergreen Marine (Singapore) Private.

Cyvera Impex (London), Stoneleigh Hotel (Bath), The Moonfleet Property Company, Morngrove Properties and Finance, H. E. J. Green, Gradon Securities, Armstrong Bakers (Consett), W. E. Simms "Rosy Fires," Dad and Khan Halal Meat Company, Lioli, Maleface.

Simmead, Buckle Electrical Contractors, Bymalet Builders, Moreledge, Ekaden, Zhivago (Coventry), Twaingem, Van Dyke Travel, Noor Import and Export Trading Co.

Lamps and Machine Products, Findlay and Pearce, Callagrant, Croyland Plumbing, Tom Lomas Transport, De Buoy Cultivation and Marketing, Doreena Furniture, Nu-Pak Packaging Materials Company, Centgrove, Wenvale Builders.

A compulsory winding up order made on July 3 against Monisel was rescinded. By consent, the petition was dismissed.

BIDS AND DEALS

Scott & Bowne favours £14m Beecham offer

BY ANDREW TAYLOR

WITH A £14m cash offer Beecham Group appears to have won quite a chase for control of Scott and Bowne, the British based paints, toiletries and proprietary medicines group.

Beecham's offer already has the backing of the Scott Family Trust and supporters controlling 59.3 per cent.

Interest in S and B, which generates two-thirds of its sales in the Far East and Australia, has apparently been widespread. So much so that the group took the unusual step of sending out an "explanatory document" to a number of prospective purchasers around the world.

From this document—which virtually amounted to an invitation to tender—emerged a short list of mostly large UK companies, including Beecham.

Beecham is offering £13.50 for each ordinary share of the public but unlisted company which has around 80 shareholders. The bid values the company at £14m which compares with net assets in S and B's last balance sheet of £5.2m.

A spokesman for Beecham said that the offer price reflected the profit earning potential of S & B while a revaluation of the company's properties would add a further £1m to the net asset value.

In the year to June 30, 1977 pre-tax profits of S & B rose 42 per cent to £1.64m while turnover increased 18 per cent to £8m.

S & B products — generating sales of £2m in the UK—include Scott's Emulsion, Vykmin multi-vitamin capsules, Pagan Man toiletries, Picot Perfumes and Skol sun preparations.

Beecham is financing the cash deal out of retained profits.

EASTWOOD BOARD MEMBER RESIGNS

Mr. David Trotman, a director of J. B. Eastwood, has resigned from the Board following the start of a City Take-over Panel investigation into a share purchase made around the time of the announcement of a £32m agreed bid for Eastwood from Cargill.

The Panel is investigating a 10,000 share purchase made by Mr. Trotman's wife around the time of the bid announcement

ROWTON HOTELS

Contracts have been exchanged whereby Rowton Hotels will purchase the motel complex, known as the Golden Galleon Motel, Oulton Broad, Lowestoft, for £295,000 cash, which it believes to be at least the value of the assets acquired.

The current net income from rents and profits is estimated to be about £34,000 per annum.

Completion is due on August 9.

105p cash for Crossley Bldgs. ordinary

The terms of the £7m agreed offer by Bowater Corporation for Crossley Building Products are 105p in cash for every ordinary share and 60p in cash for each of the 4.2 per cent cumulative preference shares (formerly 6 per cent gross).

Crossley shareholders will retain the interim dividend for the year to December of 2p net.

The offer price is linked to a *profit forecast by Crossley's* directors of £1m which could be exceeded if additional export orders are obtained. This figure compares with last year's gross of £140,000 when provisions of £420,000 were made following the failure of roofing tiles.

NEGOTIATIONS FOR W. G. FRITH

The Frith family appears to be poised to make an outright bid for W. G. Frith, the aluminium foil converters—and a close company.

The company's shares were suspended at 60p yesterday following an announcement that negotiations with certain executive directors and their associates, which might lead to a bid, were at an advanced stage.

Three out of the company's *four executive directors are members of the Frith family.* At the suspension price the company is capitalised at £315,000.

KNOTT MILL TALKS OFF

Shares of Knott Mill, the carpet retailers, returned to the stock market listings following an announcement that talks which might have led to a bid for the company had been terminated.

The shares closed at 14p last night—3p down on the suspension price. The group also announced yesterday that it had agreed terms to sell three of its leasehold carpet retail outlets for a total of £260,000 cash.

IRISH OIL & CAKE

Irish Oil and Cake Mills has agreed to buy British Margarine Company for £230,000 cash, equivalent to £4.51 per share.

British Margarine is an English unlisted public company established in Ireland manufacturing margarine, bakers' compounds, cooking fats and other foodstuffs for over 70 years. Net tangible assets as shown in the consolidated balance sheet at end 1977 amounted to £210,000 and the consolidated profit before tax for 1977 was £84,800.

Irish Oil and Cake is the main supplier of raw materials to British Margarine. A close relationship has always existed between the two parties and a merger of interests is a logical development.

The offer will lapse if there is a reference to the Examiner of Restrictive Practices under the Mergers, Take-Overs and Monopolies (Control) Act, 1978.

The directors of British Margarine *own or control 11,234* shares (22 per cent) and have undertaken to accept the offer in respect of these holdings and to recommend all other shareholders to do likewise.

WALTHAMSTOW STADIUM RULING

The 18 month old battle over a strategic stake in Walthamstow Stadium appears to have ended with a win for the directors.

Yesterday, Mr. Justice Fox in the High Court, ruled in favour of the directors and the main Chandler family interests and against Mrs. Irene Owens and the executors of the late Mr. Victor Chandler, her nephew.

The decision confirms that Walthamstow's directors have the legal ownership of the 33 per *cent stake in their company* which they bought from GRA Property Trust at the beginning of last year, at £3.50 per share.

Mrs. Owens made a last minute offer of £4 for the shares but this was disallowed by Walthamstow which argued that the directors had pre-emptive rights to the stake.

Yesterday's decision means that the stadium will stay with the family and is unlikely to attract a bid from Coral, the betting and leisure company known to have been interested in the company should Mrs. Owens win control of this stake, in addition to her existing 20 per cent holding.

ASSOCIATES DEALS

On July 7 Seligmann, Rayner on behalf of Petford bought 3,000 W. Henshall at 22½p.

Hedderwick Stirling Grumbar brokers to Newman Industries, bought 20,000 Wood and Sons at 55p on behalf of Newman.

SHARE STAKES

Dominion and General Trust—The Western Canada Investment Co. is no longer beneficial owner of £25,000 5 per cent cum pref shares. The United States Debenture Corporation has acquired a further £25,000 5 per cent cum. pref stock, making them the beneficial owners of a total of 35,000 5 per cent cum pref stock.

Thomson Organisation — Mr. I. C. Brunton, a director, is now interested in 115,091 shares.

Office and Electronic Machines: Mr. E. Markus, director, has sold a further 40,000 shares and Mr. J. C. *Davies, director, has sold* 10,000 shares.

Parambe: Mr. D. T. H. Davenport, director, has disposed of 100,000 ordinary shares at 12½p reducing his holding to 60,000 shares. Portfolio Management now holds 330,000 ordinary shares —14.13 per cent.

Park Place Investments: The family interests of Mr. G. A. Thomas have acquired 20,000 ordinary shares in the company.

Edinburgh Industrial Holdings: Mr. G. D. E. Bilton has now acquired, further to commitments entered into prior to his joining the Board, 100,000 ordinary shares at par. Mr. Bilton now holds 120,000 shares (6.05 per cent). A. J. Bekhor and Co. has acquired 1,020,000 ordinary shares at par also in final resolution of the placing arrangements approved at the AGM on April 7. A. J. Bekhor now holds 1,130,000 shares (6.10 per cent).

Coronet Industrial Securities: North British Canadian Investment Co. now holds 105,000 ordinary shares (7 per cent).

Muirhead: Kuwait Investment Office has acquired a further 5,000 ordinary shares increasing its total holding to 705,000 shares (5.4 per cent).

Thorn Electrical Industries: As at June 30, Sir Jules Thorn, in his own right and as a trustee of various family trusts and charitable settlements was interested in 983,753 ordinary shares (5.17 per cent).

Alexander Howden Group—Kuwait Investment Office sold 5,000 ordinary shares on June 26 and 25,000 on June 27—now holds 912,500 shares (7.76 per cent.).

Baranora Tea Holdings—Mr. J. G. Manktelow has purchased a further 3,750 preference shares and is now interested in 15,250 (16.05 per cent). Mr. M. J. Seale, a director, has purchased a further 295 ordinary shares and is now interested in 2,000 and 900 preference shares. He also has a non-beneficial interest in 4,000 preference.

City of Aberdeen Land Association—Mr. G. A. Ball has purchased a further 4,500 ordinary shares. This brings his personal holding, when allied to that of his wife, to 45,000 (5 per cent.).

London and Northern Group—Mr. W. C. Sproson, director, has purchased 28,720 shares, and Lord Milne, director, has purchased 2,500.

Churchbury Estates—British Land Company has advised Churchbury that its *wholly owned* subsidiary, Real Property and Finance Corporation, has acquired 250,000 ordinary shares.

Atlanta, Baltimore and Chicago Regional Investment Trust—Friends Provident Life Office has purchased 40,000 ordinary shares increasing holding to 240,000 (8 per cent).

Sabah Timber—As a result of Harrisons Malaysian Estates becoming a subsidiary of Harrisons and Crosfield, H and C now interested in a total of 25,199,456 shares of Sabah (59.45 per cent).

S. and W. Berisford—The charitable trust under the control of Mr. A. Hubert, a director, has sold 25,000 ordinary shares and Mr. W. I. Hubert, a director, has sold 25,000 ordinary shares out of his own personal holding.

J. Lyons—Mr. J. N. Mendelssohn, a director, has purchased 20,000 ordinary shares.

Willis Faber—Mr. J. O. Prentice sold 25,000 ordinary shares on June 7 and a further 25,000 on June 14.

Bremner—Temple Bar Investment Trust has acquired a further 50,000 ordinary shares and now interested in 300,000 (5.435 per cent).

United Scientific Holdings—Mr. P. Levene, managing director, has sold 68,000 ordinary shares. He retains 130,000.

H. and J. Hill Group—Mr. M. A. K. Cocks has purchased a further 2,000 shares increasing holding to 93,400 (9.6 per cent).

William Pickles—C. H. Buckley, director, has sold 31,500 "A" shares. W. R. Pickles, director, as trustee has sold 135,000 "A".

Stock Conversion and Investment Trust—Crisclo Investments on December 23 last acquired interest in 6,017,000 shares (20.08 per cent). These shares are part of the holding, already notified, of Taylor Clark whose holding remains as before.

J. Hepworth and Son—E. E. Crabtree, director, has acquired beneficial interest in 20,472 shares.

Invergordon Distillers (Holdings)—W. J. B. Davies, director of Comben Group, bought 10,000 shares at 101p on June 30. Invergordon is a subsidiary of the parent company of Comben.

Greenfield Milletts—D. S. Greenfield, director, acquired on July 4 100,000 shares. J. Greenfield, *director, acquired on July 4* 100,000 shares.

A and C. Black—Company was advised by letter of June 28 by Park Place Investments that Park Place held 48,500 shares (slightly in excess of 5 per cent). Subsequently on July 4 that Park Place had bought further 18,000 shares (about 2 per cent). London and Manchester Assurance has advised that their holding has fallen below 5 per cent.

Pentos—London and Manchester Assurance holds 6,000 3.15 per cent preference shares (6 per cent).

OIL AND GAS NEWS

Soquip hopeful in Quebec

BY ROBERT GIBBENS — MONTREAL, July 10.

SOQUIP, the provincially owned oil and gas exploration company, has "serious hopes" its C$3m (£1.43m) exploration well near Drummondville, 85 miles north-east of Montreal on the south shore of the St. Lawrence, will yield a significant gas show.

The well, in which Dome Petroleum of Calgary has a minority interest, has now reached 14,000 feet. Drilling started last spring.

Soquip says further drilling will depend on the results of tests now being conducted at the well. The sedimentary zone running along the St. Lawrence between Quebec and Montreal has been estimated to contain significant amounts of oil and gas.

Several major oil companies have drilled on the south shore in the past 15 years. Apart from a small shallow gas field found opposite Quebec City three years ago, no commercial finds have been reported.

Two groups, TransCanada Pipe-Lines, the inter-provincial gas transmissions company and Petro-Canada and Alberta Gas Trunk Line jointly, have proposed extending the Trans-Canada gas system beyond Montreal to Quebec City and later to the Maritimes.

However, no distribution system exists beyond Contrecoeur, just east of Montreal, and the projects have been criticised on economic grounds.

* * *

Esso Exploration and Production Australia has been granted a new offshore concession, committed to A$6.6m (£4.05m) over the next six years on block WA-109-P, reports Don Lipscombe from Perth.

The permit covers 6,150 sq km in the offshore area immediately west of Esso's onshore permit EP-104 near Derby. The exploration programme will include almost 1,000km of marine seismic work and the drilling of three wells, starting year three.

In a newly approved onshore block a consortium of six companies will spend almost A$2m over the next five years on block EP-107, 11,740 sq km of Canning basin, starting drilling year three.

The consortium consists of **ERA South Pacific Pty., ERA Western Australia, ESP Exploration Pty., Cambridge Royalty, Cambridge Petroleum Royalties and North West Mining.**

* * *

Pacific Petroleum says that it has made four additional discoveries of oil in the West Pembina area southwest of Edmonton.

Pacific is the operator of a consortium which includes **Amoco Canada Petroleum and Texaco Canada, each having a one-third stake.**

Two of the discoveries are the Pacific Et Al Brazr 2-26-48-13-W5 and the Pacific Et Al Brazr 12-19-48-12-W5. Details of the other two will be announced later. Pacific Petroleum has, to date, announced participation in eight successful wells in the West Pembina area.

Meanwhile, at *last week's* Alberta land sale the Pacific Petroleums-Amoco Canada-Texaco-Canada consortium paid a Canadian record of $26,012 an acre for a West Pembina lease.

The consortium bid $16.6m for 640 acres in Section 23 Township 48 Range 13 West Pembina. The tract is two to three miles southwest of three previous oil discoveries by Pacific and Amoco-Canada.

The record price per acre tops the previous high of $20,557 an acre set last December by Chevron Standard, also in West Pembina.

Belgian income lifts I C Gas

Reflecting the Belgian Government's decision not to extend dividend limitation for a further year and an increase in published profits of Belgian companies, dividend remittances to the Imperial Continental Gas Association were substantially higher in 1977-78, state the directors in their annual report.

Group pre-tax profits of ICGA expanded from £22.2m to £26.35m, on a turnover of £127.68m (£154.54m). The net profit totalled £17.44m (£15.58m) of which £9.71m (£8.85m) was dealt with in the accounts of ICGA.

The directors state that both the published profits and underlying earnings of Antwerpse Gasmaatschappij for the calendar year 1977 continued the improvement experienced in prior years, despite milder weather.

The group's principal holding company in Belgium, Contibel showed a rise in published profits of over 100 per cent. These results, apart from reflecting the ending of dividend limitation, have benefited from the inclusion this time of the dividend from UNERG received in May 1977.

The directors point out that both UNERG and Intercom companies performed satisfactorily following the reorganisation of electricity companies in Belgium.

Despite a slightly milder winter than occurred in the previous year, Calor Gas Holding Company achieved a pre-tax profit up from £8.47m to £10.79m in 1977-78.

Century Power and Light has announced three oil discoveries out of seven exploration wells drilled. Two of the successful wells were in block 16/17 where there are two oil bearing structures named Thelma and Toni.

A CCA statement in accordance with the Hyde guidelines shows an adjusted pre-tax profit for ICGA of £21.71m—this was after depreciation of £4.7m less a gearing adjustment of £64,000.

A valuation by directors of group interests in unconsolidated *subsidiary associated and allied* companies indicates a surplus over book of £60m which has not been dealt with in the accounts.

During the year there was a decrease in net liquid funds of £4.99m (£5.2m increase).

In their report the auditors say that they concur with the directors' view that it would be misleading to include the group's share of the results of the Belgian associate. They also point out that special items relating to profits and losses arising from changes realisations and transpositions of investments and other capital assets have been taken direct to capital reserve instead of to profit and loss as specified by SSAP 6. The effect of doing so has been to decrease profit retained by £127,000 (£543,000 decrease).

Sutcliffe Speakman confident

CONTINUED progress should be seen at Sutcliffe Speakman and Co. in the coming year. Part of the new capital being raised through the rights issue announced in June will be used to strengthen the company's selling organisation, particularly in America, where the prospects especially for Solvent Recovery Plant and Activated Carbon are promising, says Mr. S. W. Livesey, the chairman.

The company is currently negotiating a medium-term loan from County Bank for £150,000 towards the cost of replacing its old steam raising plant. The new unit will give much greater efficiency and lower running costs.

At the end of 1977-78 the group's medium term borrowings amounted to a £300,000 loan from the bank repayable in five annual instalments beginning November 30, 1979. Bank overdrafts were lower at £325,043 (£585,387).

For the year to March 31, 1978, pre-tax profit improved to £566,128 (£339,488) on turnover of £9.58m (£7.54m) and the net dividend is raised to 2.3846p per 25p share—as reported June 22.

Sales and profits, before interest — £116,000 (£113,000) — were split as to engineering £6.93m (£5.36m) and £395,000 (£246,000) and active carbon £2.66m (£2.18m) and £287,000 (£206,000).

During the year the Middle East remained the area of greatest activity for the brickmaking plant and total group sales in this region accounted for 49.7 per cent (40.4 per cent) of turnover, while the UK accounted for only 32 per cent (44 per cent), North America 14.4 per cent (8.2 per cent), Western Europe 2.9 per cent (4.7 per cent) and other regions 1 per cent (2.7 per cent).

Culter Guard following the right course

In his annual statement Mr. Roger J. C. Fleming, chairman of Culter Guard Bridge Holdings, the paper making and conversion group, says that it would take rather more optimism than realism to envisage a return to market conditions of the kind which in the past have been *accepted as normal.*

He is encouraged by the progress made so far and remains confident that the course the directors have set will prove effective in restoring adequate profitability in the group's operations.

As reported on June 3, taxable profits for the year to March 31, 1978 fell from £603,000 to £508,000.

Mr. Fleming describes the year as one of change. The modernisation programmes at the three manufacturing units was carried through according to plan, and the exploitation of new markets is now gathering momentum, he says.

During the year the value of domestic sales rose by a little over 5 per cent although volume fell by 3 per cent.

The market for coated papers *was particularly weak in the early* part of the year, and the strengthening now evident has been accompanied by a slackening in demand for some plain grades. The number two machine, now in the final stages of commissioning, did not produce a saleable tonnage during the 12 month under review.

In the conversion division the lower level of demand for more traditional products affected volume, but with increased sales from speciality products sales value overall was 3 per cent higher.

Conditions in overseas markets bordered on the chaotic, the chairman states, with business difficult to win in a grossly over-supplied market. Nevertheless, export volume rose by 5 per cent and sales value, at £2.05m, was 7 per cent up.

Celtic Haven recovery

The expected second-half recovery raised pre-tax profit of Celtic Haven from £101,068 to £100,357 in the year to March 31, 1978.

Turnover of the company—Dyfed, West Wales, arable farmers, suppliers of ancillary services to the Celtic Sea off-shore oil industry and constructors of pontoon barges—expanded from £1.55m to £2.36m.

Tax rose from £36,100 to £54,297, leaving stated earnings per 5p share down from 1.3p to 1.1p, and the net dividend is stepped up from 0.29316p to 0.323p at a cost up from £14,658 to £16,150.

*At the interim stage, when pre-*tax profit was down from £44,889 to £8,915, the directors said the total for the year should not differ materially from that of the previous 12 months.

	1977-78 £	1976-77 £
Turnover	2,359,256	1,534,498
Pre-tax profit	189,357	101,058
Tax	54,297	36,100
Extraordinary debit	7,500	—
Available	47,560	64,958
Dividend	16,150	14,658

Eva chief optimistic

While it would be unwise to forecast profits of Eva Industries for the current year at this early stage, Mr. T. R. Astley, chairman, says the consolidated total of individual subsidiary budgets "is not unacceptable."

Mr. Astley describes the year to March 31, 1978 in which pre-tax profits rose from £2.42m to £3.01m as a fair result bearing in mind the trading environment in world markets covered by the group's operations.

Profits are inflation adjusted to £2.43m after depreciation, £317,000, cost of sales £360,000 and gearing £97,000.

Once again, profit earned in the agricultural tool division dominated. Sales from companies in this division come almost exclusively from overseas. The group is continually seeking to open new markets with some success, the chairman says.

Agricultural tools contributed £11.8m (£10.67m) to sales and £2.2m (£1.79m) *to profit; engin*eered products, £5.53m (£2.44m) and £418,000 (£345,000); engineering services, £3.92m (£3.2m) and £189,000 (£47,000); forging and foundry, £2.27m (£1.9m) and £164,000 (£117,000) and investment division, £2.97m (£2.55m) and £21,000 (£118,000) and investment income £11,000 (£16,000).

Deferred tax in the accounts has been transferred to reserves. It is now shown as an asset because it includes recoverable ACT and items in the Brazilian accounts where subsequent reversal of timing differences will result in a future reduction in tax.

Macdonald Martin improves

AFTER AN advance from £382,000 to £507,000 at midway, taxable profits of Macdonald Martin Distilleries finished the year to March 31, 1978 ahead from £922,158 to £1,336,612.

The total dividend on the "A" ordinary shares is raised from 8.448p to 9.3p with a final payment of 6.3p net and on the "B" ordinary shares from 4.224p to 4.65p with a final of 3.15p.

The year's profit is struck after depreciation of £82,023 (£31,168). Tax takes £63,391 (£402,369), the dividends cost £253,478 (£225,720) and £1,004,345 (£278,669) as retained.

John Swire profit up

A JUMP in taxable profits from £22,596,000 to £27,642,000 is reported for 1977 by John Swire and Sons, the overseas trading and transport company which came to the London market for the first time with a placing of some £3m of preference shares in August last year.

The directors say that the current year is proving to be more difficult than 1977 for some of the group's businesses. In particular the known difficulties relating to shipowners have had an adverse effect so far as the company's bulk carrier fleet is concerned, although the liner and container trades in which it is involved still continue to operate profitably.

The outlook for its other businesses in the Far East remains fairly optimistic, but the results, being expressed in sterling, are sensitive to its relative strength or weakness at the year end they point out.

The total dividend on the Ordinary is raised to 10.7p (9.72p) with a second interim of 4.8p. The company has close status.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Earnings rising sharply at Tropicana Products

BY DAVID LASCELLES

NEW YORK, July 10.

TROPICANA PRODUCTS, whose acquisition by Beatrice Foods was blocked at the weekend by the Washington Federal Appeals Court, has pushed net earnings sharply ahead in the third quarter of its financial year.

Earnings of 86 cents a share for the quarter from Tropicana, the nation's largest purveyor of orange juice, compare with 64 cents previously. Total net eanrings increased from $6m to $8.6m, while sales of $76.5m for the quarter comparew ith $63.7m previously.

For the 39 weeks to the end of May, total net of $23m or $2.46 a share, has increased from $14.1m or $1.51. Sales moved up from $174.8m to $220m.

THE Federal Trade Commission won a temporary order at the weekend halting the proposed acquisition by Beatrice Foods of Tropicana, the judges who granted the order gave the two companies until next Friday to respond.

There was no immediate reaction to the order from either Beatrice or Tropicana, who were planning to consummate their agreed merger tomorrow. However, they now face the possibility that the courts will at the end of this week grant the FTC's request for a preliminary injunction against the merger to enable hearings to be held.

The FTC was forced to go through the courts because of the pressing time factor.

The FTC challenged the merger at the end of last month onthe grounds that it could have "anti-competitive and monopolistic effects."

The FTC alleged that the merger would eliminate competition between the two companies and between competitors generally; would eliminate Tropicana as the major independent producer; would increase the level of concentration, and would foster mergers between other firms.

Under the terms of the merger, Beatrice is to pay $488m in cash and stock for Tropicana, and is to merge the orange juice company into a subsidiary.

Texas Air buying National Air stock

HOUSTON, July 10.

TEXAS International Airlines said it filed a statement with the SEC notifying it that it acquired in open-market transactions 790,700 shares of National Airlines—about 9.2 per cent of National's outstanding shares.

It added that it is "considering the possibility" of seeking control of National. While it does not have any current plans to acquire additional shares or to seek control, it does intend to review its interest in National "on a continuing basis."

In Miami, National had no comment to make on the share acquisition by Texas International. "We're looking into it," the company said, but declined to give any indication of how long National had known about Texas International's purchase.

In 1977 Texas International, which serves the south-west and Mexico, earned $7.99m after a $994,000 tax credit on revenues of £144.8m.

In the year ended June 30, 1977, National, which operates in much of the US and has several international routes, earned $3.01m on revenues of $495.4m.

Agencies

Partial bid proposed for OKC

NEW YORK, July 10.

DEAN Witter Reynolds is to act as dealer manager for the proposed offer by Mr. Ghaith R. Pharaon for at least 500,000 and up to 950,000 shares of OKC Corporation at $21 each. OKC had 3.9m common shares outstanding on March 31. Mr. Pharaon does not currently own any of the company's stock.

OKC is a Portland cement manufacturer and also refines crude oil, invests in real estate and is active in oil and gas exploration in Ecuador and the North Sea.

Documents have been filed with the SEC, the Louisiana Commissioner of Financial Institutions and the Texas State Securities Board. A copy of these filings has been sent to OKC, and OKC has been notified of the proposed offer under Delaware law. Pending the filing of definitive documents, the proposed offer is subject to modification amendment or withdrawal.

Mr. Pharaon intends to make his cash tender offer as soon as practicable.

If more than 950,000 shares are tendered prior to the expiry of the offer, Mr. Pharaon elects to purchase fewer than the total number tendered on a pro rata basis.

The proposed offer would commence no earlier than July 27 and will remain open for at least another 24 days. The precise date of the offer depends on the date on which regulatory requirements are satisfied.

OKC said that the company saw no reason to oppose the proposed tender offer.

The company said it would stand by a brief statement it made in June, when it was first disclosed that Mr. Pharaon was considering the offer. The company said then that it would not oppose the offer.

If the offer is successful, it would give Mr. Pharaon between 12½ per cent, up to just under 25 per cent, of all outstanding OKC common stock.

A representative for Mr. Pharaon said that his client, if successful, would seek representation on the company's board in line with the percentage of stock he holds. AP-DJ

Jos Schlitz review

Jos Schlitz Brewing said the "special review person" specified in its settlement with the SEC civil action announced on Friday has been chosen by the company and approved by the SEC, reports AP-DJ from Milwaukee. He is Mr. Daniel J. McCauley Jr, a partner in the Philadelphia law firm of Blank Rome Klaus and Comisky. As announced previously, Jos Schlitz settled SEC charges that it violated Federal securities laws in connection with the alleged payment of about $3m. to customers to induce them to buy Schlitz products in violation of Federal and State liquor laws. As part of the settlements Schlitz agreed to a review of its internal investigation of the allegations.

Hiram Walker upturn

Hiram Walker Goodherham and Worts, Major Canadian distilling group, earned C$16m or 93 cents a share in the third quarter ended May 31, against C$13.4m or 78 cents year earlier, reports our Montreal correspondent. Nine months net was C$54.9m or C$3.19 a share against C$47.7m or C$2.71 on volume of C$791m (C$680m).

EUROBONDS

Firmer trend in sterling issues

BY MARY CAMPBELL

THERE WAS little if any change in either dollar or D-Mark sectors yesterday. Sterling bonds picked up some three-quarters of a point on expectations of favourable trade figures and other economic announcements later this week. Dealing, however, was reported to be mainly professional.

Three new Luxembourg franc placements have emerged and one new Euroguilder placement.

The three new placements in Luxembourg are each of LuxFr 250m ($7.5m) and are managed by Banque Internationale à Luxembourg. One is a ten-year bullet offering 7¾ per cent at par for the European Investment Bank. The second is an eight year bullet offering 8 per cent at par for Bayer. The third is a five-year bullet offering 7¾ per cent for five years for Norway. The Industrialization Fund of Finland's issue has been priced at par.

The next Eurobond issue in the D-Mark foreign bond market will be for the Norges Kommunalbank via Westdeutsche Landesbank. Due for announcement on Wednesday, this is expecte dto be for a similar maturity to the outstanding issues — twelve years — and to offer a yield of around 6 per cent.

The new Euroguilder issue is a maximum of Fls 75m for five years for the Mexican Comision Federal de Electricidad. The notes issue, which is being managed by Algemene Bank Nederland and Pierson Heldring and Pierson, offers 7¾ per cent at 99.

Among the issues launched over the weekend, one which is likely to be closely watched is the African Development Bank's $40m floating rate note. This regional development bank is currently owned only by African States but at its last annual meeting in May the way was opened for non-African States to become shareholders. It is understood that the U.S., Canada and Sweden have already indicated that they will join while discussions are in process with a number of other countries.

The introduction of such shareholders would make the African Development Bank much more similar to other regional development banks, such as the Asian Development Bank and the Inter-American Development Bank, than has been the case hitherto. It would presumbaly also make it easier for the bank to make regular forays into the international bond markets.

PROBLEMS IN STAINLESS STEEL

As the quotas expire

BY DAVID LASCELLES IN NEW YORK

MOST OF the row about the US steel industry has focused on the well-publicised problems faced by the conventional steelmakers. But over the coming months, the debate is likely to shift to another area: the speciality steel industry, notably stainless steel.

One of the leading figures in this debate is certain to be Mr. Dick Simmons, the fiery and articulate president of Allegheny Ludlum Steel, the country's leading speciality steelmaker, based in Pittsburgh. The company is the principal subsidiary of Allegheny Ludlum Industries, which recently struck up a close working relationship with Wilkinson Match of the UK in razor blades and gardening tools.

Mr. Simmons holds strong views about his industry's problems and how they should be solved.

As Allegheny sees it, the industry's biggest problem is the growing threat of competition from cheap imports, which, it believes, demands a reaction at two levels. So long as US stainless steelmakers operate as independent companies within the disciplines of profit and capital, they must be protected against "companies" like British Steel who are propped up by their Governments, thinks Mr. Simmons.

This means that quotas or similar barriers, though regrettable, are necessary.

At individual company level, Allegheny Ludlum says U.S. producers must preserve their competitiveness and profitability through a high level of investment in new technology.

The stainless steel industry already benefits from import quotas introduced in the mid-1970s which have just gone up to 158,000 tons a year, equivalent to about 10 per cent of total U.S. domestic shipments. But one reason why people like Mr. Simmons have begun to speak out with extra force is that the quotas are due to expire next June, and that the industry must decide by the end of this year what it wants to press for in their place—if anything.

The situation, though, is confusing. Not only is the speciality steel market in an uncertain state. Neither the industry nor the Government is very certain whether an extension of quotas would necessarily be a good thing.

Allegheny Ludlum reports that the market for stainless steel sheet, which accounts for about 65 per cent of its total shipments, is flat, and has been for at least two years. Compared to the price rises notched up by other metals, and even other types of stainless steel, Allegheny Ludlum's prices for sheet have scarcely risen at all since 1975.

Indeed, Mr. Simmons concedes that his company's forecast for last year's U.S. domestic shipments of 1.1m to 1.2m tons turned out to be over-optimistic, and that volume may only just be reached this year.

Symptomatic of this problem was Allegheny Ludlum's recent failure to make an 8.5 per cent price rise stick. Other producers undercut them, and they were forced to back down.

So now Mr. Simmons hopes to try for a 4 per cent rise in August, with the emphasis on "hopes."

There are extra complications with the fact that the trigger price mechanism introduced at the beginning of this year to keep out cheap conventional steel will encourage foreign producers to transfer their efforts to the speciality steel market, where checks are fewer.

Customers are, however, aware of the stainless steel industry's eagerness to raise prices, and this appears to have sparked off a round of hedge-buying this summer. Allegheny Ludlum's order books are "unusually full" for July and August, which Mr. Simmons admits could be ominous.

Is the stainless steel industry contemplating asking for a trigger price mechanism of its own? Mr. Simmons says the idea has been mooted, but he and other producers have an instinctive dislike of such things because they smack of Government interference—however well-intentioned.

But even if the industry did demand stronger defences, it might not get them. Only a few days after Mr Simmons' Press conference, President Carter said he opposed the idea of giving stainless steelmakers any furt import relief on the grounds t it would "substantially incre costs to the consumer."

The upshot, Mr. Simmons s is that the industry will w and wait, particularly for w steelmakers in the EEC other OECD countries do sh export and other subsidisatio

Meanwhile, Allegheny Lud is pressing ahead with a l term modernisation program which will total some $100m o four years.

With such innovations as c tinuous casting now established, the company's la investment is designed to upd the melting complex at Brackenbridge works which only 11 years old. At a cost $18m, it is to instal three ind tion melting furnaces which an electro-magnetic process melt scrap into molten iron steelmaking. Unlike the blast cupola they will repl they do not use coking coal electricity, and their ene effectiveness is much higher.

Mr. Simmons predicts they will result in a substan saving in energy costs at a ti when the price of coking coa rising faster than the ene average.

So long as the industry afford to modernise on this sc Mr. Simmons believes that it continue to be profital Indeed, he claims that his c pany's large investment gramme is a sign of its co dence. But in the long term, says, it is essential to find so solution to what he calls a c flict of systems—between commercial and the subsidi steel industries of the world

Until this happens, he war the US industry will be forced demand protection agai foreign producers.

ALLEGHENY LUDLUM STEEL yesterday announced a 15 per cent cut in stainless steel plate prices, blaming the move on the large discounts being offered by competitors. Although plate shipments account for less than one tenth of the stainless steel market, the announcement is seen as further evidence of the weakness of demand for speciality steel. An Allegheny Ludlum spokesman blamed "a general lack of spark in the capital equipment market."

Activity in Treasury bond futures market expands

BY OUR FINANCIAL STAFF

TRADING STATISTICS from the Chicago Board of Trade for the month of June disclose strong activity in the interest rate futures market. Turnover in the market in U.S. Treasury bond futures, which opened only in August 1977, amounted to 33,065 contracts, lifting the total to 77,596 contracts for the second quarter of this year and 113,502 for the first half of the year.

Contracts in the commercial paper division, also opened recently, totalled 979 in June, 2,948 in the second quarter and 5,759 in the first half.

General National Mortgage Association (GNMA) interest rate futures recorded an increase of 117.4 per cent to 344,733 contracts in the first half of the year, fuelled by a 121.6 per cent increase to 192,562 in the second quarter.

Open interest in the Treasury bond futures sector stood at 8,808 contracts at the end of June, after touching 10,442 earlier in the month.

Trading volume for the exchange as a whole reached a new peak in June, lifting the total for the opening six months of the year to a record 13.5m contracts, an increase of 13.8 per cent over the previous year.

Mr. Paul Johns, the executive vice-president of the exchange commented that the volume growth experienced this year and also over the past eight years indicated that "increasing numbers of businesses are using futures markets as a financial management tool."

Substantial increases in trading were also recorded in the Chicago Board's more traditional cereal markets. Corn saw a rise of 45 per cent to 3.3m contracts, while wheat, with 1.2m contracts, showed a 34 per cent rise. At 52,255 contracts, oats were nearly 44 per cent higher.

Grand River sale

While bond market prices continue to slip, tentative offering terms have been set in a $421m Grand River Dam Authority tax-exempt sale expected to get underway late this week, AP-DJ reports from New York.

The Oklahoma agency's sale is likely to contain about $74m of 20-year 7.2 per cent bonds and about $257m of 30-year 7½ per cent bonds, all priced at 100. The remainder probably will be serial bonds pegged to yield between about 5.65 per cent in 1984 and 6.75 per cent in 1993.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Bosch lowers targets for turnover

BY GUY HAWTIN

FRANKFURT, July 10.

ROFITS OF the Robert Bosch roup, the West German manufacturer of automotive, industrial and household electrical equipment, are being adversely fected this year. Nonetheless vestment is to be increased urther.

Herr Hans Merkle, the group's ief executive, said that capital vestment in 1978 was expected amount to DM 625m, compared with DM 551m in 1977, hile spending on research and velopment would increase om DM 474m to DM 550m.

The group hope that this research and development effort ill enable it to increase the vel of deliveries to the motor dustry—despite the fact that the motor manufacturers are forecasting flat demand for the next couple of years.

According to Herr Merkle the labour dispute in the metal industry earlier this year has substantially curbed Bosch's growth prospects. World turnover, which was predicted to rise by between 6 per cent and 7 per cent, is now likely to show an increase of from 3 per cent to 4 per cent this year.

This is illustrated by the unusually low rate of sales growth that Bosch has reported from the first half of 1978. Domestic turnover, he said, was up by only 1.5 per cent by the end of June.

Last year the group's external turnover, excluding value added tax, rose by 10 per cent from 1976's DM 8.32bn to DM 9.16bn ($4.43bn). However, the proportion of foreign sales in total turnover fell back from the previous year's 51 per cent to 49 per cent.

The overall development of the Bosch group's business was satisfactory last year, according to the group's management. There were, however, small changes in the contribution that the individual sectors yielded to group sales.

As a proportion of total sales, turnover in the electrical and electro-technical motor vehicle equipment sector declined from *35.4 per cent to 34.7 per cent of* total sales. On the other hand, turnover in the mechanical, hydraulic and pneumatic auto-equipment sector yielded 23.5 per cent of total turnover as compared with 23 per cent.

The household equipment division saw its contribution increase from 21.8 per cent to 22.1 per cent.

Turnover of the parent concern rose from DM 5.38bn to DM 6.01bn in 1977, while exports as a proportion of total turnover fell back from 38 per cent to 36 per cent. Parent company net profits increased from DM 116m to DM 146m. However, the improvement was a reflection of "technical balance sheet changes" rather than an *increase in underlying profit*ability, according to the management.

Recovery at Kloeckner as sales improve

By Our Financial Staff

KLOECKNER UND CO., the privately owned West German trading concern, managed a clear improvement in earnings during the first half of this year after a 35 per cent slump in net profits from DM 44m to DM 28m ($13.7m) in 1977.

Turnover in the first six months crept up by 2 per cent.

Although giving no figures, management board spokesman Herr Joerg Henle did say that Kloeckner would scarcely be able to keep up the same business pace over the rest of the year. He declined to make any profit forecast.

He told a Press conference that earnings had, on balance, been favourably affected by progress in the steel and construction sectors, but held back in some areas of steel and raw material trading. Herr Henle described the overall business picture as "not bad."

Partners in Rafnes complex agree on compensation terms

BY FAY GJESTER

OSLO, July 10.

NORSK HYDRO, Saga Petrokjemi and Statoil, partners in Norway's new Rafnes petrochemical complex, have signed an agreement with the Phillips Group regarding compensation for delays in supplying the complex with feed stock—natural gas liquid (NGL) from the Ekofisk field.

Both sides have agreed not to comment on the agreement, or to reveal how much it is likely to cost the Phillips group of the U.S. Basically, however, it entails an undertaking by Phillips to supply Hydro, Saga and Statoil with an additional amount of low-priced NGL—over and above the amount provided for in the original agreement. This additional quantity will equal the amount of feed stock the three will have had to buy on the open market, while waiting for deliveries for the favourably-priced Ekofisk NGL.

Deliveries from Phillips were to have started at the end of 1976, but are not now expected until the final quarter of this year, owing to hold-ups in building a separating plant at Teesside, where oil from the Ekofisk field is landed.

The original agreement provided for the group to deliver NGL to Rafnes for at least 15 years, free of transport charges and below market price. The undertaking was given by Phillips, licence holders on Ekofisk, in exchange for Norwegian Government permission to pipe the Ekofisk oil to Britain.

Late last year, the Rafnes partners were threatening to sue Phillips for around $75m in compensation for the supply delays. This gives an indication of the value of the additional NGL the group will now have to provide.

● Fifty per cent. of production workers on Norway's Ekofisk oil and gas field believe they are not properly qualified for the jobs they are doing, according to an opinion survey published in the Oslo newspaper Verdens Gang.

The workers claimed that they lacked training in the maintenance and the operation of oil rig equipment, and that in general they were not given adequate instruction. The instructors available were not qualified, and too often instruction was given only in English.

European base for Gulf Intl. Bank

By Mary Campbell

GULF International Bank (GIB), the Bahrain-based consortium bank owned by the seven Gulf states, yesterday opened a representative office in London. It is the first of at least three proposed international offices. It is likely to be converted into a full branch in due course while offices in New York and Tokyo are also part of the bank's long-term strategy.

At the opening of the office yesterday, the chairman of the bank, Sheikh Ali Kalifa al-Sabah, confirmed GIB's intentions of being an aggressive force in international banking. Originally established at the end of 1976 with the large capital base of some $75m equivalent, the bank has already made a name for itself in the syndicated loans market in particular.

"Of course we do not enjoy low margins," Sheikh Ali said. "But if that's what it takes to carve ourselves a slice of the market—we'll do it."

He said that he did not know how long the technical agreement under which Citicorp has provided some of GIB's executives would last, now that the bank is becoming established.

Sheikh Ali is Minister of Oil of Kuwait as well as of GIB. He would not comment on the OPEC talks due to start in London on Friday. He also would not comment on future trends in the foreign exchange markets.

Insurance profits down in France

PARIS, July 10.

ESPITE AN increase of 13.4 er cent in overall premium ntake to FFr 76.8bn ($17.3bn), e profits of French insurance rms declined last year because f a relative decline in the cost f motor premiums, the sectors' ederation said in its annual eport.

The automobile insurance ector recorded an overall loss ear of FFr 230m, or 1 per cent f premiums, compared with an verall profit of FFr 195m, or 9 per cent of premiums.

The federation said that despite an increase of 4 per cent the number of automobiles France last year and the ising value of claims, French nsurance companies took in Fr 23.15bn in motor insurance remiums last year, or 11 per ent more than in 1976.

It noted that for the sixth onsecutive year motor insurance premiums rose less rapidly han salaries (5.8 per cent compared with 12 per cent), and ad not kept pace with a rise f 9 per cent in the cost of ving index.

The intake of life insurance remiums in 1977 totalled Fr 15.47bn, up by 14.9 per ent from a year before.

P-DJ

Landis und Gyr takeover plan

BY JOHN WICKS

ZURICH, July 10.

LANDIS UND GYR, the Swiss electrical engineering concern, expects group profits this year to be similar to the SwFr 41m ($22.6m) earned in 1977, provided there are no substantial and abrupt changes in exchange rates.

At the same time, it has announced plans to acquire a 10 per cent stake in another company in the same sector, Sprecher und Schuh, with which it already co-operates in the field of protective relays.

For some years, Landis und Gyr has marketed the other company's low voltage products in the U.S.; further links are now planned.

Landis und Gyr, which is *offering 8,500 of its nominal* SwFr 200 B shares for the Sprecher und Schuh stock, stresses that both companies will retain their full independence.

Commenting on its current business, Landis said new orders during the first half of the 1977-78 financial year were well down on those of a year earlier in Swiss franc terms, but above sales levels. It described orders-in-hand as satisfactory. Cash flow for the year is seen at around SwFr 100m.

The full impact of the rise in the Swiss currency which took place last autumn and this spring will not be felt until the second half of the current fiscal year and beyond.

Under the proposed deal with Sprecher und Schuh, the latter's capital, now standing at Sw Fr 28.8m, will be raised through the issue of 6,200 registered shares of a nominal SwFr 500 each.

Meanwhile, Heberlein, the Swiss textiles, plastic products and machinery concern reports a return to profits for last year. After a rise in group turnover to a consolidated SwFr 300m from SwFr 273m, consolidated cash flow amounted to a positive figure of SwFr 1m after cash drains of SwFr 10m in 1976 and SwFr 37m in the previous year.

The group's parent company, Heberlein Holding Ag, recorded a small profit of SwFr 260,000 for 1977, following losses of SwFr 3.9m in 1976 and SwFr 12.2m in 1975.

The continuation of the recovery of Heberlein is now seen to be endangered by the rise in the Swiss franc exchange rate since the fourth quarter of last year. According to group chief Dr. W. Kaenel, the present currency situation has reached "menacing dimensions" for the group, some 50 per cent of whose turnover is accounted for by exports.

Poly-Bond cuts payment

BY OUR OWN CORRESPONDENT

ZURICH, July 10.

DIVIDEND PER certificate of the Swiss investment fund Poly-Bond International is to be cut from SwFr 5.20 to SwFr 4.30 gross for the year ended May 31. This follows a fall in Swiss franc earnings due to the currency's high-exchange rate and to lower interest rates on the money market and, in part, on the bond market.

The foreign exchange situation was also responsible for a drop in assets of the fund, which is affiliated to Swiss Volksbank, from SwFr 155m to SwFr 151.8m.

However, the share of securities denominated in Swiss francs in the Poly-Bond International portfolio rose from 23.7 to 31 per cent over the business year in question.

Elsevier buys U.S. publisher

By Charles Batchelor

AMSTERDAM, July 10.

ELSEVIER, the Dutch publisher has acquired the specialist U.S. firm Medical Examination Publishing Co. of New York.

Medical publishes books aimed at the medical and para-medical professions. It has a list of 350 titles and a further 300 projects under contract. It will be taken over by Excerpta Medica Inc. of Princeton, New Jersey which is part of Elsevier's science division. Financial details of the deal were not available.

Elsevier attributed a good part of its improved results in 1977 to the expansion of its scientific journal publishing division. It reported 19 per cent higher net profit of Fl 22.7m ($10.2m) on sales 18 per cent higher at Fl 593m ($266m).

Schneider boosts sales

PARIS, July 10.

EMPAIN-SCHNEIDER said its turnover during the first quarter of this year totalled FFr 7bn ($1.6bn), an increase of 23 per cent on the FFr 5.7bn recorded in the same period last year.

New orders received by the Franco-Belgian group in the three months to the end of March totalled FFr 7.6bn, or 4 per cent more than in the same period a year ago.

The group said the slow growth of new orders was essentially due to the low level of orders taken in by the mechanical branch of its subsidiary Creusot-Loire, by the electromechanical construction sector in general and by most of its Belgian subsidiaries, notably Yerlipack.

It pointed out, however, that during the corresponding period orders received by its engineering subsidiary Spie Batignolles had practically doubled, mainly due to additional civil engineering contracts for power stations under construction in Iran.

Meanwhile, Societe Nationale d'Etude et de Construction de Moteurs d'Aviation (SNECMA), the French State-controlled aircraft engine builder, reports a net profit for 1977 of FFr 70.5m ($15.9m), up from FFr 65.1m the year before.

Turnover declined to FFr 2.291bn from FFr 2.3bn in 1977.

AP-DJ

Bank assets top $1bn

By Our Own Correspondent

ZURICH, July 10.

THE balance-sheet total of Banca del Gottardo passed the SwFr 2bn mark ($1.1bn) for the first time in mid-1978 despite the continued appreciation of the Swiss franc. As of June 30, assets amounted to SwFr 2.03bn, as compared with SwFr 1.97bn at the end of 1977. Deposits and bank creditors are equally responsible for the increase.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
kan Australia 8½pc 1989	97½	98
MEV 8pc 1987	95	95½
ustralia 8½pc 1992	92¾	93
ustralian M. & S. 9½pc '92	97	97½
arclays Bank 8½pc 1992	94½	95
owater 9½pc 1992	96½	97
an. N. Railway 8½pc 1986	94½	95½
redit National 8½pc 1986	95½	96
enmark 8½pc 1984	97½	98½
IB 9pc 1993	98¾	99½
IB 8¾pc 1997	93½	94½
IB 8½pc 1992	96	96½
II 9½pc 1989	98	98½
ricsson 8½pc 1989	96½	97
sso 8pc 1986 Nov.	99½	100
Lakes Paper 8½pc 1984	97½	98
amersley 9½pc 1992	100½	101½
ydro Quebec 9pc 1992	95	95½
CI 8½pc 1987	95¾	96½
F. Canada 9½pc 1986	102½	103
acmillan Bloedel 9pc 1992	94½	95
assey Ferguson 9½pc '91	98½	99½
ichelin 9½pc 1988	100½	101½
idland Int. Fin. 8½pc '92	94	94½
ational Coal Bd. 8pc 1987	92½	93½
ational Wstmnstr. 9pc '86	100½	101
at. Wstmnstr. 9pc '86 'B'	100¾	100½
ewfoundland 9pc 1989	98½	99½
Nordic Inv. Bank 8½pc 1988	96	96½
Norges Kom. Bk. 8½pc 1992	95	95½
Norpipe 8½pc 1989	94½	95½
Norsk Hydro 8½pc 1992	94½	95½
Oslo 9pc 1988	99½	100½
Ports Autonomes 9pc 1991	97½	98
Prov. Quebec 9pc 1995	93½	94½
Prov. Saskatchwn. 8½pc '86	97½	98½
Reed International 9pc 1987	92½	94½
RHM 9pc 1992	93½	94½
Selection Trust 8½pc 1989	90½	91½
Shell Intl. Fin. 8½pc 1990	95½	96
Skand. Enskilda 9pc 1991	97	97½
SKF 8pc 1987	91½	92½
Sweden (K'dom) 8½pc 1987	94½	95
United Biscuits 9pc 1989	97½	98½
Volvo 8pc 1987 March	93½	94
NOTES		
Australia 7½pc 1984	93½	94
Bell Canada 7¾pc 1987	95½	96½
Br. Columbia Hyd. 7¾pc '85	92½	93½
Can. Pac. 8½pc 1984	97½	98
Dow Chemical 8pc 1986	98½	99½
ECS 7½pc 1982	94½	95½
ECS 8½pc 1989	93½	94½
EEC 7½pc 1982	95½	96
EEC 7¾pc 1984	94	94½
Enso Gutzeit 8½pc 1984	96	96½
Gotaverken 7¾pc 1982	94½	95
Kockums 8pc 1983	96½	97½
Michelin 8¾pc 1983	98½	99½
Montreal Urban 8¾pc 1981	98½	99½
New Brunswick 8pc 1984	96½	97½
New Bruns. Prov. 8¾pc '83	99	99½
New Zealand 8½pc 1986	95½	96½
Nordic Inv. Bk. 7¾pc 1984	93½	94
Norsk Hydro 7¾pc 1982	95½	96½
Norway 7¾pc 1982	94½	95
Ontario Hydro 8pc 1987	93½	94½
Singer 8½pc 1982	99½	100½
S. of Scot. Elec. 8¾pc 1981	98	98½
Sweden (K'dom) 7¾pc 1982	94½	95½
Swedish State Co. 7¾pc '82	95½	96
Telmex 9½pc 1984	98½	99½
Tenneco 7¾pc 1987 May	91½	92½
Volkswagen 7¾pc 1987	93½	94½

STERLING BONDS	Bid	Offer
Allied Breweries 10½pc '90	88½	89½
Citicorp 10pc 1993	92½	93½
Courtaulds 9½pc 1989	89½	90½
ECS 9½pc 1989	94½	95½
EIB 9½pc 1988	96½	97½
EIB 9½pc 1992	92½	93½
Finance for Ind. 9½pc 1987	90½	91½
Finance for Ind. 10pc 1989	93	94
Fisons 10½pc 1987	96½	97½
Gestetner 11pc 1988	91½	92½
INA 10pc 1988	91½	92½
Rowntree 10½pc 1988	88½	89½
Sears 10½pc 1988	90½	91½
Total Oil 9½pc 1984	90	91
DM BONDS		
Asian Dev. Bank 5½pc 1988	95	95½
BNDE 6½pc 1986	97½	98
Canada 4¾pc 1983	98	98½
Den Norske Id. Bk. 6pc '90	100½	101
Deutsche Bank 4½pc 1983	98	98½
ECS 5½pc 1990	94½	95
EIB 5½pc 1990	94½	95
Elf Aquitaine 5¾pc 1988	95	95½
Euratom 5½pc 1987	95	95½
Finland 5½pc 1986	97½	98
Forsmarks 5½pc 1990	97½	96½
Mexico 6pc 1985	96½	97
Norcem 5½pc 1989	99½	100½
Norway 4½pc 1983	98	98½
Norway 4½pc 1983	97	97½
PK Banken 5½pc 1988	96	96½
Prov. Quebec 6pc 1990	97	97½
Rautaruukki 5¾pc 1988	95	95½
Spain 6pc 1988	95½	96
Trondheim 5½pc 1988	96½	97
TVO Power Co. 6pc 1988	97	97½
Venezuela 6pc 1988	97	97½
World Bank 5½pc 1990	97½	98½
FLOATING RATE NOTES		
Bank of Tokyo 1984 8½pc	99½	99½
BFCE 1984 8½pc	99½	99½
BNP 1983 8¹¹⁄₁₆pc	100½	100½
BOE Worms 1985 9pc	98½	98½
CCF 1985 8½pc	98½	99½
CGMF 1984 8¹¹⁄₁₆pc	99½	99½
Creditanstalt 1984 8¾pc	99½	99½
DG Bank 1982 9pc	100½	100½
GZB 1981 8¹¹⁄₁₆pc	99½	100½
Intl. Westminster 1984 8pc	99	99½
Lloyds 1983 8¹³⁄₁₆pc	100½	100½
LTCB 1983 8pc	99½	100
Midland 1987 8⁹⁄₁₆pc	99½	99½
Nat. Westminster '90 9⁵⁄₁₆pc	99½	99½
OKB 1983 7½pc	100	100½
SNCF 1985 8½pc	99½	99½
Stand. and Chtrd. '84 8½pc	99½	99½
Wms. and Glyn's '84 8¹¹⁄₁₆pc	99½	100½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4½pc '87	81	82½
Ashland 5pc 1988	93	94½
Babcock & Wilcox 6½pc '97	104½	105½
Beatrice Foods 4½pc 1992	95½	97
Beatrice Foods 4½pc 1992	107½	109
Beecham 6½pc 1992	97	99
Borden 5pc 1992	98	99½
Broadway Hale 4½pc 1987	73½	77
Carnation 4pc 1987	78	79½
Chevron 5pc 1988	121½	123
Dart 4½pc 1987	79½	81
Eastman Kodak 4½pc 1988	83	84½
Economic Labs. 4½pc 1987	78	79½
Firestone 5pc 1988	80½	82
Ford 5pc 1988	86	87½
General Electric 4½pc 1987	79½	81
Gillette 4½pc 1987	74½	76
Source: Kidder Peabody Securities.		

INTL. FINANCIAL AND COMPANY NEWS

Sumitomo buys more Nippon Sheet Glass

TOKYO, July 10.

LIBBEY-OWENS-FORD Company of the US, is to sell all 24m Nippon Sheet Glass shares it holds, or 10 per cent of the Japanese company's total issued stocks, to the Sumitomo Group, Nippon Sheet Glass announced. Libbey-Owens-Ford, the glass, plastics and fluid systems concern, is the largest shareholder in Nippon Sheet Glass. Libbey-Ownes-Ford and Sumitomo are negotiating a price it said. The Nippon Sheet shares closed in Tokyo at Y205.

The U.S. company acquired a 15 per cent interest in Nippon-American Sheet Glass Company, Nippon Sheet Glass' predecessor, when it was established in 1918. It sold a 5 per cent interest to Sumitomo in 1971.

With the takeover of the remaining 10 per cent interest by Sumitomo, the financial link with Libbey-Owens-Ford will be dissolved, but the two firms will continue to cooperate in technology.
Reuter

Nittan Valve

Eaton Corporation has announced that it has bought 1.1m shares or 10 per cent. of the outstanding shares of Nittan Valve Company, of Tokyo, AP-DJ reports from Cleveland.

Eaton said that the shares were purchased in private transactions. The company did not disclose a purchase price, nor did it say whether it intends to buy additional shares of the Japanese company.

Eaton said it had also signed a licence agreement for use of its technical and engineering support in Nittan's valve manufacturing operations.

The purchase marks Eaton's entry into the engine valve business in Japan.

Sharp uplift for Kohler Brothers at six months

BY RICHARD ROLFE

JOHANNESBURG, July 10.

KOHLER BROTHERS, which is 73 per cent owned by Union Corporation, and is mainly engaged in the manufacture of containers, cartons and packaging goods, has reported a sharp uplift in profits for the six months to June 30. On turnover ahead from R36.7m to R44.2m ($50.9m.) income before tax is up from R4.5m to R6.8m ($7.83m). Thus profit has grown more than twice as fast as turnover for the first half and the improvement has carried through to the net level, with a rise from R2.7m to R4.2m.

Earnings per share rose from 43c to 67c and the interim dividend has been lifted from 15c to 24c. The shares have been one of the stars of the bull market here, now standing at 600c against their 1978 low of 370c.

Higher sales volumes materially assisted the results and rationalisation programmes improved operating margins. The prediction is for the current rate of profit growth to be maintained, suggesting pre-tax profits for the year of R15m-R16m. The group is highly liquid and expansion opportunities are being considered in related fields.

Kohler, with Sappi, Union Corporation's pulp and paper arm, was involved in the abortive talks last year with Reed International over the proposed acquisition of Reed's local subsidiary, Reed Nampak, and its 50 per cent interest in the Stanger Pulp and Paper Mill.

* * *

A FURTHER instance of delcining interest rates in Johannesburg has come with the private placing by Protea Holdings, a local conglomerate involved in the chemical and electrical industries, of an unsecured debenture at 12.1 per cent, writes Richard Rolfe from Johannesburg.

The debenture, an R5m issue, is redeemable in five equal instalments between 1993 and 1997 and is the lowest coupon of its kind since August 1974.

The coupon is below the prime overdraft rate of 12.5 per cent and compares with the rate of 12.6 per cent obtained six weeks ago for the construction group Murray and Roberts. Protea intends to use the funds to repay short-term debt, a move which will strengthen its balance sheet.

Advance at Mitsubishi Electric

TOKYO, July 10.

MITSUBISHI ELECTRIC reports a 31 per cent rise in consolidated net profit for the year to March 31, from Y9.42bn to Y12.34bn ($59.9m), helped by a decline in the interest burden and measures to cut costs.

Orders received in fiscal 1977 rose 9.7 per cent to Y919bn and exports rose 12 per cent to Y111bn.

Sales of electronic industrial appliances rose 29 per cent to Y287bn, while sales of heavy electric machines rose 3 per cent to Y205bn and electric home appliances increased 11 per cent to Y210bn.

Earnings per share were ahead from Y7.81 to Y9.62.

Mitsubishi expects consolidated sales for the current year to rise by 7 per cent to 8 per cent and consolidated net profit to increase slightly.

The company said that it was difficult to make a firm profit forecast because the business outlook, especially for exports, was uncertain, as a result of the sharp yen appreciation.
Reuter

The Tokyo branch of Manufacturers Hanover Trust Co of the US will shortly open its branch office in Seoul, AP-DJ reports from Tokyo. The bank will set up its branch office at the Daedoo Building in downtown Seoul.

Singapore S$725m issue

BY H. F. LEE

SINGAPORE, July 10.

THE SINGAPORE Government is offering S$725m nominal of loan stocks for public subscription.

The issue is the Government's second public flotation of domestic bonds this year. It follows the S$575m. issue made three months ago.

The issue will bring new Government bond issues this year to S$1.3bn. The budgeted borrowings, domestic and external, this year are estimated at around S$1.5bn.

However, total Government bond redemptions this year alone amount to S$289.06m.

Funds raised from the issue will be used to finance development projects.

Three categories of stocks are being offered—S$100m for two years, carrying a 4½ per cent. taxable coupon, S$50m. for seven years, carrying a 7 per cent. taxable coupon, and S$575m. for 20 years, carrying a 6½ per cent. tax-free coupon.

The two taxable issues are being offered on a tender basis while the tax-free issue will be offered at par. The offer closes on July 24.

Fall at UEB Industries

By Dai Hayward

WELLINGTON, July 10.

ONE OF New Zealand's largest companies, UEB Industries, the paper products and carpet manufacturer, has reported a 33 per cent fall in profit last year.

The company revealed a decline from NZ$9.48m to NZ$ 6.35m (US$ 6.6m). Sales at NZ$ 158m (US$ 163m) were down 3.3 per cent.

One encouraging feature was that exports of carpet and carpet yarn continued to expand. The company's exports are now worth NZ$ 20m a year.

The financial report would have been worse but for a net tax benefit of NZ$ 1.3m during the year.

U.S. offshoot for Boral

BORAL, the building products group, has established a wholly owned subsidiary, Boral U.S.A., based in Los Angeles, Reuter reports from Sydney.

The new subsidiary has purchased a 55 per cent shareholding in California Tile from Amelco Corp. of Honolulu, effective July 1, it said. No price was disclosed.

Tubemakers to place A$20m of debentures

By James Forth

SYDNEY, July 10.

TUBEMAKERS OF Australi[a] plans to raise A$20[m] (US $22.9m) through an institutional placement of debentures. The issue forms part of de[bt] restructuring to provide Tubemakers with a longer-dated maturity. It provides conversion terms for A$1.94m in debentures maturing at December 31, 197[8] and also allows conversion rights to holders of A$6.055m in debentures which will be redeemed o[n] January 15.

The cash proceeds are to b[e] used to finance the company's operations, the directors sai[d]. Trading conditions in the June 3[0] half year had continued to b[e] sluggish, it was said, and grou[p] profit for 1977-78 was expected t[o] be somewhat lower than for th[e] previous year. However, it wa[s] considered satisfactory in th[e] light of prevaling economic con[di]tions, particularly in stee[l] based industries.

The pipe manufacturer is [...] per cent owned by Australia['s] only steelmaker, Broken Hi[ll] Proprietary Company.

In the December half yea[r] Tubemakers increased profit [...] per cent to A$6.87m (U.S.$7.9m). The directors said then that the[y] expected pre-tax earnings for th[e] full year would be higher becau[se] they thought trading conditions would improve further in th[e] second half.

The terms of the debentu[re] issues are 10 per cent for fi[ve] years, 10.25 per cent for eig[ht] years, 10.3 per cent for ten yea[rs] and 10.35 per cent for 12 years. Although Tubemakers is a sol[id] borrower the interest rates a[re] finely pitched.

Myer Emporium, the reta[il] group, which is at least as we[ll] regarded, is by comparison offe[r]ing 10.2 per cent for seven yea[rs] and 10.4 per cent for 10 years [on] its A$25m debenture issue.

How Britain's wine-drinking potential is being stunted by taxation

BY KENNETH GOODING

HERE ARE still some aspects British life which could bene- from further Europeanisa- m and wine drinking is one them. Some 19m people in itain have never touched the iff, according to the Wine evelopment Board which turally thinks this is some- ing of a disgrace. Those who ve never taken wine far out- imber the 12m regular im- bers who will this year tween them find most of the .3bn to be spent on wine in e UK.

Britain might seem a strange oice for the first World Wine iir which opens for 12 days in ristol on July 19, but British ine drinkers have a wider ioice than any other nation ith the UK currently import- g wine from 29 countries. And ritain can give a warm wel- me to all-comers because it is not been a wine producer any significance for several nturies and therefore has no eat growers' lobby demand- g protection for local wines.

It is true, however, that in e past 10 years, English wines, ade from grapes grown in the uthern part of the country ave ceased to be simply a iriosity and there are now out 70 commercial vineyards.

Production from them, how- ver, is comparatively small mpared with most other Euro- ean countries and the British ill look upon themselves as imarily consumers, not pro- icers of wine.

In some parts of Britain there still a widespread assump- on that wine drinking is a ixury which only the upper asses enjoy. It certainly is xed that way and the UK's uty system has caused con- derable anger in the Euro- ean Community. The EEC ommission has threatened to ke Britain to the European ourt of Justice. At 71p a litre ottle, UK excise duty is the ghest in the Common Market id the Commission has brought nfringement proceedings" ainst Britain in an attempt get it cut.

According to the Commission e North Europeans have ways taxed wine heavily with e result that consumption has en restricted. But, it says, wine cannot be regarded as a xury product meriting a higher rate of taxation than competing products." Thus the long and tedious process towards a European court hear- ing in Luxembourg has begun. And, to be fair, the Commission has taken similar action to com- bat discrimination by France and Italy against Scotch whisky.

The present duty rate for still, light wine—table wine— is £3.25 a gallon. But for a beer with original gravity of 1037.71 degrees, the average density of beers consumed in the UK, the duty amounts to only 60.84p a gallon.

Consumption

Only Denmark, where the duty is just over £3 a gallon and Ireland, £2.30 a gallon, come anywhere near the UK in their treatment of table wines. Belgium and Holland add around 86p a gallon in duty, Luxembourg 43p, France about 4p while in Italy and West Germany there is no duty at all. This would go some way to explaining the UK is right at the bottom of the European wine-drinking league along with Ireland. Though wine sales in Britain have doubled to around nine bottles per head of popula- tion a year in the last decade, the French and Italians drink an average 150 bottles; the Luxem- bourgers, 60 bottles, the West Germans, 40 bottles and so on.

Since Mr. Healey introduced his first Budget in the spring of 1974, the duty on table wine has risen by 333 per cent, which Dr. Peter Hallgarten — a small wine-shipper independent of the UK's major drinks groups and recently-elected chairman of the Wine and Spirit Associa- tion — insists "is holding back the wine trade from meeting the underlying demand which exists in Britain."

For years the Association has been attempting to get the Treasury and the Chancellor to accept that if duties were left alone wine consumption would increase, revenue would rise and the industry would create more jobs. The statistics seem to support this theory. In real terms duties and VAT on wine fell by 33 per cent between the 1969-70 and 1973-74 financial years. Wine clearances from bond (the best indicator of actual sales that we have) rose 136 per cent and revenue in- creased 58 per cent over this period. In the following three years duties and VAT were 27.5 per cent up in real terms and clearances fell by 9 per cent. While revenue managed only a 16 per cent rise.

The wine traders have suffered from the drop in the volume of sales and the Asso- ciation estimates that there has been a reduction of 20,000 jobs in the wine and spirit business in the past two years. That is roughly a 4 per cent a year drop on the 250,000 the industry used to employ. "And I think the loss of jobs figure is highly conservative," says Dr. Hall- garten. "Smaller companies like mine certainly have had to make much more substantial economies in the past few years."

TAXES ON WINES IN THE EEC

EEC member state	Excise duty per gallon £	VAT rate %	Effect on UK* retail price £
UK	3.250	8	1.50
Denmark	3.088	18	1.59
Eire	2.299	10	1.35
Belgium	0.857	25	1.26
Holland	0.859	18	1.19
Luxembourg	0.429	10	1.04
France	0.047	17.6	1.04
Italy	—	14	1.00
Germany	—	11	0.98

* The effect EEC taxes would have on a bottle of wine retailing at £1.50 in Britain. Exchange rates at 7.11.77.

Source: Hansard

The indications from Mr. Healey's spring Budget this year are that he believes the Association's arguments: he left the duty unchanged but budgeted for a 16 per cent jump in wine consumption.

Dr. Hallgarten, however, insists that such an increase in consumption is wildly optimistic. "Mr. Healey's income tax concessions will be largely absorbed by mortgage and fare increases. The Chan- cellor will be lucky to see wine consumption increase by 10 per cent this year."

What the industry finds par- ticularly distressing is that it is the only sector which has to pay for the privilege of collect- ing taxes. The trade has to finance advance payments of duty collected for the Treasury whereas duty on beer and tobacco, for example, enjoys a credit period of six weeks after the products leave the security of a Customs bond. Wine and spirit traders can find them- selves with as much as £140m "on loan" in this way to the Government at one time. It costs around £20m to finance this and companies must either borrow or tie up sorely needed capital to provide this cash.

The trade has had long negotiations with the Customs and Excise about introducing a credit period for the payment of duty on wines and spirits and all the practical and pro- cedural obstacles have been disposed of. The Government was widely expected to do some- thing about the anomaly in this year's Budget but did not take the opportunity.

In spite of everything the Chancellor might do, however, the strength of potential demand for table wine in the U.K. is considerable. Mr. Peter Noble, chairman of the Wine Development Board, reckons that if duties do not rise, consumption could be doubled by 1984. The Board insists that wine is becoming much more of a classless drink. "There has been a remarkable upswing in sales among what used to be called the working classes," says Mr. Noble. This group's pur- cashes of table wines soared by 127 per cent over the past seven years, more than twice the over- all national trend.

But the Board believes that this socio-economic group, known as the CDEs, contains most of the 19m non-drinkers of wine and therefore still offers the greatest capacity for expand *sion*.

Meanwhile, the wine pro- ducers of Europe look upon Britain as the country with the greatest potential to absorb their exports. If the UK does double its consumption by 1984 it would certainly leave little in the way of spare capacity among the major EEC producers because Britain would need another 80m gallons of wine a year. Not all the extra wine however, would be supplied from Europe. As prices in France, Italy and Germany began to rise under the impact of increased demand the shippers of Britain would turn to other parts of the world, such as Latin America.

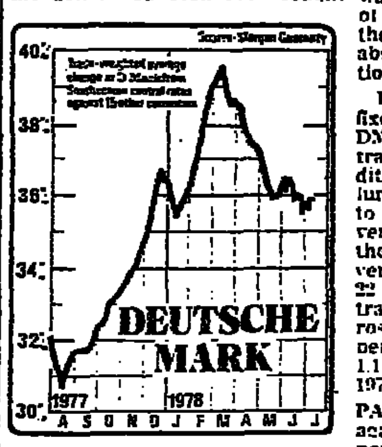
In the longer term, however, rapidly improving methods of viticulture will enable producers to increase the quantity of reasonable wine available from existing European vineyards. Eventually, too, we must sup- pose that Spain, and possibly Portugal and Greece, will join the Common Market and all of them are important wine pro- ducers. It is estimated that Spain alone could cope with the whole of Europe's demand for table wine, a prospect which some other EEC countries do not find particularly pleasing. And they see this as one more good reason why the UK's wine-drinking potential should not be stunted by heavy taxation.

Currency, Money and Gold Markets

Dollar very weak and pound firm

The U.S. dollar fell sharply in yesterday's foreign exchange market in fairly busy but nervous conditions. With little in the way of cheering news, the U.S. currency has become very sensitive to any rumour, particularly over possible new European currency arrangements.

Despite the rather mixed reactions to the Bremen conference, the dollar weakened in reaction to proposals to develop a stronger EEC currency bloc, certain aspects of which could lead to European central banks giving less and less support to the dollar. Some sources suggested that during the Bremen summit, the dollar had been over bought



on a "no news is good news" basis and that yesterday's performance could be termed as a counter reaction. Nevertheless, whichever way conditions are influenced, there still remains the underlying uncertainty surrounding U.S. economic performance and any possible future legislation.

Against the Swiss franc, the dollar fell to SwFr1.8027½ from SwFr1.8200 on Friday, and at one point touched SwFr1.7870. The West German mark also gained in dollar terms to DM2.0445 against DM2.0572½, having reached DM2.0350 during the day, while the Japanese yen improved to Y201.40 from Y202.30. Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 8.0 per cent from 7.6 per cent previously.

Sterling improved strongly against most currencies and the Bank of England's calculation showed the pound's trade weighted index at 62.0, up from Friday's close of 61.8. The Bank may have help the pound down at this level and at the same time took the opportunity to lend some assistance to the dollar. Sterling opened at $1.8800-1.8810 and quickly rose to a high point for the day of $1.8975-1.8985. However, by the close it had eased back to $1.8890-$1.8900, a rise of 1.6c and its best closing level against the dollar since March 22.

The strong demand for sterling was probably boosted by reports of a further major oil find in the North Sea. However, in the absence of any official confirmation, this may soon be discounted.

FRANKFURT—The dollar was fixed at DM2.0400 compared with DM2.0641 previously. After hectic trading during the morning, conditions quietened down around lunch and there did not appear to be any Bundesbank intervention at the fixing. However, there may have been official intervention in earlier trading. Against 22 other currencies, the mark's trade-weighted revaluation index rose to 146.0 from 145.5, up 9.8 per cent from the end of 1976 and 1.1 per cent up from the end of 1977.

PARIS—The dollar slid lower against the franc in generally nervous trading but recovered slightly at the close to FFr 4.4510 compared with FFr 4.4850 on Friday. At one point the U.S. currency had eased to FFr 4.4250 and there was little substantiation of any central bank support. Other currencies against the franc showed little change.

MILAN—The lira lost ground against most currencies with the Swiss franc reaching an all-time high of L471.98 from L465.37 on Friday. However, the dollar was weaker against the lira and fell to L846.25 at the fixing against L850.25 previously.

TOKYO—In fairly active trading, the dollar lost ground to close at Y201.525 from Y203.525 on Friday. Conditions were generally calmer than earlier in the month and the central bank may have intervened but only on a small scale.

THE POUND SPOT

July 10	Bank rate %	Day's spread	Close
U.S. $	7¼	1.8800-1.8985	1.8890-1.8900
Canadian $	8½	2.1125-2.1605	2.1205-2.1215
Guilder	4	4.15-4.18½	4.15½-4.16½
Belgian Fr.	5½	60.70-61.05	60.75-60.85
Danish Kr.	8	10.54-10.60½	10.54-10.56
D-Mark	3	3.86-3.87½	3.86-3.87
Port. Esc.	18	85.10-86.30	85.45-85.55
Span. Pes.	8	146.40-147.10	146.45-146.65
Lira	11½	1,588-1,603	1,596-1,599
Nrwgn. Kr.	7	10.14-10.29	10.14¼-10.15½
French Fr.	9½	8.35-8.40	8.36½-8.37½
Swedish Kr.	7	8.53½-8.59½	8.53½-8.54½
Yen	3½	376-385	380-382
Austria Sch	4½	27.75-28.00	27.75-27.85
Swiss Fr.	1	3.38½-3.42½	3.40½-3.41½

Belgian rate is for convertible francs. Financial franc 61.45-61.65. Rates for July 7 should have been *1.8670-1.8750 and *1.8730-1.8740 and 18.40½-3.41½.

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
U.S. $	0.40-0.30c pm	2.2	1.12-1.02c pm	2.27
Canadian $	0.50-0.40c pm	2.55	1.25-1.10c pm	2.22
Guilder	2½-1½c pm	6.41	6¾-5¾c pm	5.54
Belgian Fr.	30-20c pm	4.95	75-65c pm	4.61
Danish Kr.	2½-4½ore dis	−4.33	7½-9½ore dis	−2.92
D-Mark	2¼-1¼pf pm	6.59	7½-6½pf pm	7.12
Port. Esc.	35-135c dis	−11.60	105-465c dis	−11.90
Span. Pes.	par-80c dis	−3.26	10-110c dis	−1.64
Lira	par-2 lire dis	−0.75	3-8 lire dis	−0.71
Nrwgn. Kr.	2-2½ore dis	−1.77	1½-3½ore dis	−0.93
French Fr.	1c pm-par	0.72	3-2c pm	0.12
Swedish Kr.	lore pm-1 dis	par	2½-¾ore pm	0.52
Yen	2.70-2.45y pm	8.11	7.65-7.30y pm	7.85
Austria Sch	16-6 gro pm	4.58	42-32 gro pm	6.22
Swiss Fr.	3-2c pm	8.80	7⅞-6⅞c pm	8.68

Six-month forward dollar 2.25-2.15c pm 12-month 4.65-4.35c pm.

THE DOLLAR-SPOT

July 10	Day's spread	Close
Canad'n $*	88.94-90.03	88.94-88.97
Guilder	2.1980-2.2110	2.1980-2.1990
Belgian Fr	32.11-32.34	32.11-32.12
Danish Kr	5.5825-5.6050	5.5825-5.5845
D-Mark	2.0380-2.0505	2.0380-2.0390
Port. Es	—	45.33-45.48
Lira	843.55-846.00	845.70-846.00
Nrwgn. Kr	5.3720-5.3930	5.3720-5.3740
French Fr	4.4235-4.4450	4.4235-4.4260
Swedish Kr	4.5270-4.5400	4.5270-4.5290
Yen	200.85-202.35	200.90-201.05
Austria Sch	—	14.8750-14.8825
Swiss Fr	1.7895-1.7910	1.7895-1.8130

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	% p.a.	Three months	% p.a.
Canad'n $	Par-0.07c pm	0.12	0.03-0.06c pm	0.2
Guilder	0.60-0.64	3.12	1.80-1.85c pm	3.3
Belgian Fr	7½-6½c pm	2.73	21-19c pm	2.7
Danish Kr	—		—	
D-Mark	0.80-0.80pf pm	4.70	2.60-2.50pf pm	4.9
Port. Es	—		—	
Lira	1.85-2.25lire dis	−2.83	6.15-6.90lire dis	−3.4
Nrwgn. Kr	—		—	
French Fr	0.52-0.62c dis	−1.60	1.25-1.45c dis	−1.2
Swedish Kr	—		—	
Yen	1.00-0.90y pm	5.01	2.90-2.75y pm	5.5
Austria Sch	—		—	
Swiss Fr	1.00-1.04c pm	6.32	3.15-3.11c pm	6.7

CURRENCY RATES

July 7	Special Drawing Rights	European Unit of Account
Sterling	0.665007	0.665785
U.S. dollar	1.20323	1.20926
Canadian dollar	1.39859	1.40509
Austrian schilling	18.4943	18.5032
Belgian franc	40.4671	40.4633
Danish krone	7.03182	7.05042
Deutsche Mark	2.56615	2.57945
Guilder	2.77240	2.78588
French franc	5.56159	5.59163
Lira	1056.99	1062.46
Yen	252.873	253.709
Norwegian krone	6.75572	6.77059
Peseta	97.3112	97.5240
Swedish krona	5.68256	5.69633
Swiss franc	2.27076	2.28144

CURRENCY MOVEMENTS

July 10	Bank of England Index	Morgan Guaranty changes %
Sterling	62.02	−41.1
U.S. dollar	86.30	− 8.0
Canadian dollar	84.68	−12.9
Austrian schilling	140.59	+18.8
Belgian franc	118.23	+11.9
Danish krone	114.52	+ 5.1
Deutsche Mark	141.28	+35.9
Swiss franc	186.64	+79.6
Guilder	128.25	+17.9
French franc	100.17	− 3.4
Lira	56.22	−46.4
Yen	146.35	+44.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

July 10	£	$		£ Note Rate
Argentina Peso	1,605-1,609	796.50-798.62	Austria	27¼-28¼
Australia Dollar	1.6418-1.6478	0.8689-0.8699	Belgium	61-62½
Finland Markka	7.9650-7.9800	4.2105-4.2125	Denmark	10.45-10.60
Brazil Cruzeiro	33.53-34.52	17.74-18.27	France	8.25-8.40
Greece Drachma	67.778-69.462	35.87-36.75	Germany	3.80-3.90
Hong Kong Dollar	8.7875-8.8075	4.6460-4.6480	Italy	1560-1590
Iran Rial	130-136	68.80-71.98	Japan	380-390
Kuwait Dinar (KD)	0.510-0.520	0.2700-0.2750	Netherlands	4.05-4.20
Luxembourg Franc	60.75-60.85	32.17-32.19	Norway	10.05-10.20
Malaysia Dollar	4.44-4.46	2.3540-2.3550	Portugal	79-93
New Zealand Dollar	1.8180-1.8240	0.9615-0.9638	Spain	1.435-1.465
Saudi Arabia Riyal	6.44-6.54	3.41-3.46	Switzerland	3.35-3.45
Singapore Dollar	4.360-4.375	2.3050-2.3060	United States	1.86½-1.88
South African Rand	1.6393-1.6564	0.8675-0.8766	Yugoslavia	34-36

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

July 10	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.890	3.665	381.0	8.373	3.408	4.160	1599.	2.121	60.80
U.S. Dollar	0.529	1.	2.046	201.6	4.431	1.805	2.202	846.0	1.123	32.18
Deutsche Mark	0.259	0.489	1.	98.58	2.166	0.882	1.076	413.6	0.549	15.73
Japanese Yen 1,000	2.625	4.959	10.14	1000.	21.98	8.944	10.92	4196.	5.567	159.6
French Franc 10	1.194	2.257	4.616	465.1	10.	4.070	4.969	1909.	2.533	72.62
Swiss Franc	0.293	0.555	1.134	111.8	2.457	1.	1.221	469.1	0.622	17.84
Dutch Guilder	0.240	0.454	0.929	91.59	2.013	0.819	1.	384.3	0.510	14.62
Italian Lira 1,000	0.626	1.182	2.418	238.3	5.238	2.132	2.603	1000.	1.327	38.04
Canadian Dollar	0.471	0.891	1.822	179.6	3.947	1.607	1.961	753.7	1.	28.67
Belgian Franc 100	1.645	3.108	6.357	626.6	13.77	5.604	6.842	2629	3.488	100.

EURO-CURRENCY INTEREST RATES*

July 10	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	10¼-10¾	7¼-8¼	7⅞-8⅛	4⅜-4⅞	1⅜-1⅞	3⅜-3⅝	9¼-9½	9-12		1⅛-3⅛
7 days notice	10-10½	7-8	7⅝-8¼	4⅜-4⅞	[illegible]	3⅜-3⅝	9¼-9½	10-11	7⅞-8⅛	2⅛-3⅛
Month	10⅝-10¾	7¾-8	8-8¼	4½-4¾	[illegible]	[illegible]	9¼-9½	10½-11½	8-8¼	2⅛-3⅛
Three months	10⅞-11	[illegible]	8⅜-8⅝	4⅞-5⅛	1⅝-1⅞	[illegible]	9⅜-9⅝	12-13	[illegible]	[illegible]
Six months	11⅛-11¼	[illegible]	8⅞-9⅛	[illegible]	1⅞-2	3⅝-3¾	10⅛-10⅜	12¾-13¾	[illegible]	[illegible]
One year	11⅛-11⅜	[illegible]	9-9¼	5⅜-5⅝	2-2¼	3¾-3⅞	11-11⅛	13½-14½	9⅛-9¼	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.05-8.15 per cent: three months 8.30-8.40 per cent: six months 8.70-8.80 per cent: one year 8.97-9.05 per cent.

Long-term Eurodollar deposits: two years 9⁵⁄₁₆-9⁵⁄₁₆ per cent: three years 9⁵⁄₁₆-9⁷⁄₁₆ per cent: four years 9⁷⁄₁₆-9⁹⁄₁₆ per cent: five years 9⅝-9⅞ per cent. * Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on July 10, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Afghanistan Afghani	75.00	Ecuador Sucre	(O) 47.07 (F) 46.77	Liechtenstein Swiss Franc	3.40½	Romania Leu	(cm) 8.49 (nc) 22.79
Albania Lek	10.1965	Egypt Egyptian £	(O) 0.754 (F) 1.27	Luxembourg Lux Franc	60.80	Rwanda Rwanda Franc	170.16
[illegible]	[illegible]	[illegible]	[illegible]	Macao Pataca	9.45	St. Christopher (S)	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INTERNATIONAL MONEY MARKET

Belgian interest rate move

A rise in Belgian interest rates may follow a move by the Banque Nationale de Belgique yesterday. The central bank has raised the rate on short-term Treasury certificates, in what may be an attempt to take some of the pressure off the Belgian franc within the European currency snake. The Belgian currency has recently been at its lowest permitted level against the D-mark, and has required some support to hold it within the terms of the joint float agreement. News about the proposals for an extended EEC currency block has tended to increase the pressure on the franc, and a rise in Belgium's Lombard and discount rates from the present level of 5½ per cent is not out of the question. One-month Treasury certificates were raised to 5½ per cent yesterday from 5¼ per cent, with two-month increasing to 5⅝ per cent from 5½ per cent, and three-month from 6 per cent from 5¾ per cent.

Call money in Brussels firmed slightly to 3.35 per cent from 3.30 per cent, while deposit rates for the Belgian franc (commercial) were generally easier. One-month fell to 5¼-5½ per cent from 5⅝-5⅞ per cent on Friday; three-month to 5¾-6 per cent from 6-6¼ per cent; six-month to 6⁵⁄₁₆-6⁹⁄₁₆ per cent from 6⅜-6⅝ per cent; and 12-month to 7¼-7½ per cent from 7¼-7½ per cent.

AMSTERDAM—Call money was unchanged at 4½ per cent. One-month rose to 4¾-5 per cent from 4½-4¾ per cent, while three-month was 5-5¼ per cent, compared with 5-5¼ per cent, and six-month 5⅞-6 per cent, against 5¾-5⅞ per cent.

FRANKFURT—Interbank money market rates were unchanged.

PARIS—Day-to-day money was easier at 7¼ per cent, compared with 7⅜ per cent on Friday. Other money market rates were generally steady, with one-month unchanged at 7⅝-7⅞ per cent, and three-month unchanged at 7⅝-7⅞ per cent. Six-month funds eased to 8⅛-8⅜ per cent from 8³⁄₁₆-8⁷⁄₁₆ per cent, while 12-month money was unchanged at 8¾-9 per cent.

NEW YORK—Treasury bill rates were generally higher, with 13-week bills at 7.12 per cent, compared with 7.08 per cent early Friday and 7.10 per cent later that day; 26-week bills at 7.48 per cent, compared with 7.32 per cent early Friday and 7.46 per cent later. One-year bills rose to 7.80 per cent from 7.76 per cent early and 7.78 per cent late Friday.

Federal funds were unchanged at 7⅞ per cent. One-month certificates of deposit rose to 7.82 per cent from 7.80 per cent; two-month to 8.01 per cent from 7.99 per cent; and three-month to 8.14 per cent from 8.13 per cent.

HONG KONG—Money market conditions remained tight, with call money at 5½ per cent and overnight at 5 per cent.

UK MONEY MARKET

Severe shortage

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Day-to-day credit was in very short supply in the London money market yesterday, although discount houses found the situation rather less difficult than the overall conditions in the general banking sector suggested. Similar conditions last Friday meant that the market did not receive enough assistance before the weekend to take out the full shortage, and banks therefore brought forward heavily run-down balances. Yesterday's official help was extremely large, but once again banks are expected to carry over run-down balances.

This was illustrated by the fact that discount houses found little difficulty in balancing their books at rates of around 9½-10 per cent, having paid 9¼-9¾ per cent for most of their funds during the day, while interbank overnight rates were much higher.

Overnight rates in the interbank market opened at 9½-9¾ per cent, rose to 10-10½ per cent in the morning, in anticipation of a shortage, and continued to rise in the afternoon to a peak of 18-20 per cent at the close.

The authorities gave assistance by buying a very large amount of Treasury bills and a small number of local authority bills from the houses. Some of these were for resale to the market at a future date. The Bank of England also lent a moderate amount, overnight at Minimum Lending Rate, to four or five houses, making the total amount of help extremely large.

Apart from run-down bank balances, the market was also faced with a fairly large take-up of Treasury bills to finance, a fairly large rise in the note circulation, and a fairly large net excess of revenue payments to the Exchequer over Government disbursements.

LONDON MONEY RATES

July 10 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	9½-20	—	—	—	10½	9¼-10	—	—	—
2 days notice	—	—	9⅝-9¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	10½	—	—	—	—
7 days notice	—	9⅝-10	9⅝-9¾	—	10¼	—	9¼-9¾	—	—	—
One month	9⅝-9[illegible]	9⅝-10	9¾	10¼-10	10⅜	10⅜	9⅝-9[illegible]	9[illegible]-9¼	9¾-9[illegible]	10½
Two months	9[illegible]	9[illegible]-10	—	9¾-9⅝	10⅛-10⅜	—	9⅝-9½	9¼-9[illegible]	9[illegible]-9[illegible]	10½
Three months	9[illegible]-9[illegible]	9[illegible]-10	9¾	9¾-9⅝	10¼-10½	10½	9⅝-9[illegible]	9[illegible]-9⅜	[illegible]	10⅜
Six months	10⅛-10	10⅛-10⅜	10-10½	9⅝-9⅜	10⅜-10⅝	—	—	—	10	10[illegible]
Nine months	[illegible]	10[illegible]-10[illegible]	—	10¼-9¾	10¾-11	—	—	—	—	—
One year	10[illegible]	10[illegible]-10[illegible]	10¼	10¼-9[illegible]	10¾-11	—	—	—	—	—
Two years	—	—	10½-10¾	—	[illegible]	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. Longer-term local authority mortgage rate nominally three years 11 per cent; four years 11⅛-12 per cent; five years 12-12¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9⅝ per cent; four-month trade bills 10¾ per cent.

Approximate selling rates for one-month Treasury bills 9¼-9⅛ per cent; two-month 9⅛ per cent; and three-month 9⅛-9³⁄₁₆ per cent. Approximate selling rate for one-month bank bills 9⅝-9½ per cent; two-month 9⅝ per cent; and three-month 9⅝ per cent; one-month trade bills 10½ per cent; two-month 10¼ per cent; and also three-month 10¼ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10 per cent from July 1, 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 6½ per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 9.9782 per cent.

GOLD

Firmer trend

Gold improved in yesterday's bullion market to close at $186¾-187¼, a rise of $2¾. After opening at $185¾-186¼, the metal was fixed during the morning at $185.50 before improving at the afternoon fixing to $186.05. The closing level was the best for the day and in moderate trading, the metal's improvement was prompted mainly by current weakness in the U.S. dollar.

In Paris the 12½ kilo bar was fixed at FFr 26,800 per kilo ($188.20 per ounce) in the afternoon compared with FFr 26,700 ($187.62) in the morning and FFr 26,825 ($185.11) Friday afternoon.

	July 10	July 7
Gold Bullion (a fine ounce)		
Close	$186¾-187¼	$183¾-184¼
Opening	$185¾-186¼	$183¾-184¼
Morning fixing	$185.50 (£97.941)	$183.45 (£97.960)
Afternoon fixing	$186.05 (£98.128)	$182.75 (£97.832)
Gold Coins domestically		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins internationally		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	$141-146	$140-145
$5 Eagles	$100-105	$99-104

MONEY RATES

NEW YORK

Prime Rate	9
Fed Funds	7.6875
Treasury Bills (13-week)	7.12
Treasury Bills (26-week)	7.46

GERMANY

Discount Rate	3
Overnight	3.5
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

FRANCE

Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

JAPAN

Discount Rate	[illegible]
Call (Unconditional)	[illegible]
Bills Discount Rate	[illegible]

Investment Assistant (gilt-edged)

£4,000 p.a. plus.

Would you like to switch from actuarial studies to investment work?

We offer an unusual opportunity in the small and highly professional investment team of this old-established mutual life office. The post is based in London, where interviews will be held.

The Person
Age: around 22-25.

Qualifications and Abilities
Degree or good A levels in Maths. Some Actuarial examinations, including compound interest. Ability to work meticulously, formulate and express views accurately.

Salary:
£4000 p.a. plus.

The Job
Regular contact with brokers and the maintenance of up-to-date records of gilts, capital gains, income, etc., on the portfolio.
There are opportunities to help the Assistant Investment Manager with other duties.

The Future
Mathematical background will help our chosen candidate's understanding of the theory underlying the more interesting aspects of the market. Over a period, he or she could progress towards becoming a gilts dealer.

We offer a good salary and fringe benefits. Please write or telephone for an application form quoting reference No.

Miss J. E. Berry,
Personnel & Training Manager,
UK Provident,
Dolphin House, New Street,
Salisbury, SP1 2QQ.
Tel: Salisbury (0722) 6242.

THE JOBS COLUMN

More pay trouble boiling up for Whitehall

BY MICHAEL DIXON

"WE WANT a fireman's promise," said a teachers' union leader last spring. What he meant was a Government pledge, accompanying the teachers' 1978 pay rise, that by a stated date their differentials in terms of "comparable" workers' pay would be restored to the levels of 1974 regardless of *any incomes policies ruling in* the meantime.

The teachers tried hard, as I know from hanging around until the early hours of a March morning until the unions gave in to a 10 per cent offer on the eve of their Easter conferences. But they got no such commitment. Instead they settled for a "maybe"—which I gather from my colleague Sue Cameron's article a week ago could fairly be called "a wise woman executive's promise."

Plainly the Government had set its face against repetition of the kind of open-ended pledge which ended the firemen's strike in January. But with pressure building up from groups with *more justice behind their* truculence than schoolteachers had, the Whitehall whittlers clearly had to find some other formula, and quickly.

They came up with the idea of pledging specific rises, in *percentage or money terms*, for next year and the year after. This tactic, since it was first applied to the Armed Forces, became known in the pay-policy argot as "a sailor's farewell."

It has worked well since, with university lecturers in May, for example, and again last week with the clientele of Lord Boyle's top salaries review committee. These clients include not only nationalised-industry chairmen, but also the *top five tiers of civil servants* for whom the committee recommended salaries ranging from £28.000 to £16.000, now to be finally attained in April, 1980.

But today I have to report a problem brewing up in the same quarter, albeit at a far lower level, which I suspect cannot be dismissed by a sailor's farewell. It is among the staff on whom the Civil Service's computer operations depend.

Computer people are now coming under heavy demand on the jobs market. For instance, readers who saw the Jobs Column's latest salary indicators last Thursday (and I would be grateful if those who did would also note the correc*tion later on) may remember* that, by comparison with the corresponding period of 1977, the salary of the average candidate for a systems analyst's job in February-May was 28 per cent up at £5,450. The pay of the average computer-programmer candidate was 37 per cent up at £5,000.

Of late anxious recruiters have taken to ringing me up and asking if I know any sources of supply. I'd normally be only too willing to make inquiries, of course. But although I am not really familiar with any computer folk, my experience of them suggests that they do not understand unsophisticated English. And I just *cannot* bring myself to lift the telephone to some slight acquaintance and ask him something like: "Batchwise, can you retrieve any bits of second-generation fleshware pending reinstallation?"

Other, perhaps more entrepreneurial recruiters, however, have apparently spotted for themselves a rich source of the wanted candidates. It is the computer services of the various Government departments, which evidently train their staff soundly and to a high degree of transferability.

But what does the Civil Service pay them thereafter?

"Well," I was told, "the basic scale for ADP personnel *(that is not a mistake. White*hall speaks of Automatic Data Processing) goes from £2,549 at age 18 over a period of many years to £4,579. The maximum starting salary for entrants aged 25 or over is £3,297. On *top of the scale, they can qualify* for allowances of £150 apiece up to a maximum of £600 a year."

In the circumstances, therefore, the Civil Service Department is scarcely surprised by the increasing appearance of advertisements for computer staff, whose po-faced wording and offers of £5,500 and more plus car suggests that they are specifically designed for eager consumption in governmental offices.

But while not surprised by this drain on their computer resources, the Civil Service personnel managers are growing more and more worried about it. The reason is that they are powerless to compete with the blandishments being dangled by the keen external employers.

The reason for this is that the ADP staff are officially classified as part of the service's executive-officer grades, which within the ordered-precincts of government means that the computer people's salaries cannot be upped to market rates without creating a principled demand for similar rises for their fellow executive staff.

Since there were, on January 1, 29,577½ of these, the public expenditure implications of such an adjustment would flabbergast any Government. Moreover, the Civil Service unions would presumably insist on behalf of members both above and below the executive grades that "we all go together if we go."

So the central bureaucracy seems to be headed for a right pickle, with its data processing becoming less and less "automatic" as the months go by. And I suspect that before this compounding internal problem is overcome, officialdom will be looking back on the recent external pay difficulties as *relatively footling challenges.* Ironically, a fireman's promise and a sailor's farewell look bound to prove easier to engineer than a programmer's promotion.

Engraving

NOW to Vivien Ansell who is looking for a rare being for an employer-client which, although well established, must be nameless. She guarantees to honour *any applicant's request not to* be named to the employer until specific permission is given.

The job, which she may not locate more precisely than "outside London," is for someone to set up from scratch a small business specialising in engraving symbols of one sort and another on metals and plastics. Whoever comes in as the manager will initially have to recruit and, where necessary, train four to five production and administrative staff. Marketing and sales support will be provided by group headquarters.

So the specification is for a man or woman who already has experience in the engraving business at works-manager level.

Apart from that, I would say the only ability candidates need is that of combining level-headedness and enthusiasm sufficiently well in their applications to persuade the group that they can build a successful small business.

Starting salary will be about £6,000-£7,000, plus car and a non-contributory pension. Inquiries to Ms Ansell at Frontline, 1a St. Johns Lane, London, EC1M 4DH—telephone 01-251 3546.

Correction

I HOPE that any general manager dreaming of opulence after reading my salary indicators last Thursday, *is in a forgiving mood.* The Reward survey from which my figures were taken got its printing out of line in the section on general managers' pay. Misreading the result, I inserted under the "lower quartile, median, and upper quartile" heads for the latest general managers' salaries in my table, figures which in each case were really for the next higher stage. So the magnificent £12,000 was in fact the upper decile level.

The correct figures should be: lower quartile £5,500; median £7,000; and upper quartile £8,425. I am sorry.

ROWE & PITMAN, HURST-BROWN

Insurance Shares—Investment Analyst

Rowe & Pitman, Hurst-Brown has a vacancy for a junior investment analyst in the insurance sector, where the firm has a long established specialisation.

Candidates will be expected to have had some experience of either investment analysis or the insurance industry.

An attractive remuneration package of salary and profit sharing bonus is offered, together with a non-contributory pension scheme incorporating good life cover.

Apply with full CV to:

P. N. Smith, Esq.,
Messrs. Rowe & Pitman, Hurst-Brown,
1st Floor, City-Gate House,
39-45 Finsbury Square, London EC2A 1JA.

PRIVATE CLIENTS/BANKS ADVISER

Prominent City Stockbrokers

Career Opportunity c £7,000

An excellent career opening in one of the oldest firms, with an enviable reputation and exceptional track-record for stability, reliability and steady growth. Their partnership is dynamic and forward thinking.

Our Client: The firm has a substantial institutional, Private Clients and Banks business. The partners have invested heavily in computerisation and in ensuring the excellence of their research and valuations department. Their dealers are respected as among the best in the market.

Your Opportunity: To become an integral part of their Client Service function, servicing a regular clientele comprising several hundred banks, advising on investment funds of up to £100m. Complete freedom to organise and manage your areas of responsibility is an important feature of this varied, interesting and highly responsible position.

Your Background: An executive (male or female), aged 25-40 years, with a wide experience of handling private clients business.
A sound knowledge of the following is essential: • UK Economy • Monetary Supply • Interest Rates • Politics • Personal Tax Planning • New Rules of CGT and effect on Investment Trusts • Trustee Act (1961) • Non-Resident Acts • Organising valuations • Preparing *recommendations and discussing policy with Partners* and Clients.

Remuneration: Generous basic salary + high bonus, + Pension/Life Assurance + 3 weeks holidays, etc.

ACT NOW! To discuss the appointment further, telephone or write *(in strictest of confidence)* to the firm's manpower adviser: Michael A. Silverman MIPM, on 01-388 2051 or 01-388 2055 (24 hr. Ansaphone) *Ref. 248*

MERTON ASSOCIATES (CONSULTANTS) LIMITED,
Merton House, 70 Grafton Way, London W1P 5LN
Executive Search and Management Consultants

Management Accountant-Marketing

Consumer Products

With an annual turnover in excess of £100 million and a range of tissue products including such well-known brand leaders as Scotties, Handy Andies and Andrex, Bowater-Scott is a familiar name in the UK consumer market. The contribution of our management accounting function, which provides an objective commercial appraisal of company operations, is widely recognised as a key factor in our continuing success.

The position reports to the Group Marketing Management Accountant and the prime responsibility will be to work with Consumer Marketing Personnel on identifying, evaluating and advising on any areas within the marketing function where company profitability and market share can be increased.

As a member of the corporate management accounting group, you will also need to be conversant with the planning and production functions.

For a young qualified accountant (ACA, ACCA or ACMA) with at least two years' post-qualification experience, this position represents a career opening with extremely *bright prospects. Salary is fully negotiable* and a generous range of large company benefits includes free BUPA membership. Initially based at our Knightsbridge head office, the post will be subject to relocation to East Grinstead in June 1979; full expenses will, of course, be payable.

Please write quoting ref F. 371 with full personal and career details to: Miss Simone Slade, Bowater-Scott Corporation Limited, Bowater House, Knightsbridge, London SW1.

BOWATER ✻ SCOTT

MOTOR CARS

Opens Monday.
The new BMW Centre
in the heart of the City of London.

For people who expect the best but don't want to go too far for it.

YOU CAN TEST-DRIVE ONE, BUY ONE, LEASE ONE, FINANCE ONE, EXPORT ONE AND EVEN SELL ONE.

BMW Centre

220-226 Bishopsgate, London EC2M 4JS.

Tel: 01-247 0940/5/6. Near Liverpool St. Station.
The Cooper Car Company Limited.

COMPANY NOTICE

INTEREDEC (BERMUDA) LIMITED

S.R.35,000,000 SPOT NOTES DUE 1982

Unconditionally and Irrevocably Guaranteed As To The Principal By Saudi Research and Development Corporation Limited

NOTICE IS HEREBY GIVEN that in the year ending 1st June, 1978 the amount of S.R.3.000.000 notes were purchased by the purchase agent in accordance with the purchase fund requirements of condition 5(B) of the notes. In addition notes of a further S.R.2.000.000 principal amount have been purchased. All these notes have now been cancelled.

INTEREDEC (BERMUDA) LIMITED

LEGAL NOTICE

No. 002096 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of NORTHUMBERLAND INSURANCE CO. LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 30th day of June 1978, presented to the said Court by NORTHUMBERLAND INSURANCE CO. LIMITED, a company incorporated under the New South Wales Companies Act, 1958, whose registered office is situate at First Floor, 332 Pitt Street, Sydney, New South Wales, Australia, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 31st day of July 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

D. I. FREEMAN & CO.,
of 9 Cavendish Square,
London W1M 9DD.
Ref: JAR/4078w. Tel. 01-636 4955.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) *and must be served, or, if posted, must* be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 28th day of July 1978.

APPOINTMENTS
RATE
£14 per single column centimetre

Kemp-Gee & Co

are seeking an

EXPERIENCED RETAIL ANALYST

The successful applicant will at first work closely with the Research Partner in charge of this section, but, in due course, he or she will become personally responsible for the firm's research in the Stores sector. This is an important position at Kemp-Gee, and the prospects for the right person are excellent. The current remuneration will be attractive and will include a generous profit-sharing bonus.

Please write to, or phone, the Partner in charge of Research, Ian Wood at

Kemp-Gee & Co.,
20, Copthall Avenue, London, EC2R 7JS.
Telephone 01-600 7595.

DEPARTMENT HEAD -TRADING

Well established Trading Group with extensive commercial and trading interests require experienced young executive to take over responsibility for one of the divisions handling mainly domestic products. Candidates must have a flair for seeking new business opportunities. Excellent promotion prospects for successful executive. Regular travel in UK and Europe. Ability to speak fluent German a distinct advantage. Preferred age 30—35.

Write giving current experience etc. salary required to
Box A.6411, Financial Times, 10, Cannon Street, EC4P 4BY.

GENERAL AND MUNICIPAL WORKERS' UNION

PENSIONS ADMINISTRATOR

(Funds Assets £8m. 900 Contributors and Pensioners)

An opportunity has arisen at the union's head office, situated in Claygate, Esher, Surrey, for an applicant who has experience in the administration of self-administered schemes, with particular emphasis on records and the calculation of benefits.

The successful applicant is unlikely to have had less than seven years' pensions experience, and will possess a thorough knowledge of all relevant legislation. Membership of the Pensions Management Institute is anticipated. Salary in the region of £6,000 per annum; contributory pension fund; life assurance scheme.

Apply in strictest confidence, giving details of career to date and current salary, to

General Secretary,
GENERAL & MUNICIPAL WORKERS' UNION,
Thorne House,
Ruxley Ridge, Claygate, Esher,
Surrey KT10 0TL
Quoting Ref: LFJ.

FINANCIAL DIRECTOR CHARTERED ACCOUNTANT

(with Experience of Company Takeovers)

For Expanding Property and Financial Company Based in the City of London.

Salary Negotiable.

Shareholding Available.

Write Box A6412, Financial Times, 10, Cannon Street, EC4P 4BY.

Accountancy/Bookkeeping

Salaries £2,000–£8,000+
Just ring, write or call for one of our

Free Lists
of vacancies (Please quote list ref.)
Commerce & Industry (UK/O'seas)
List FF100 £4,500–£8,000
Part-qualified/Experienced
List QF50 £2,000–£5,000
The Profession (UK/O'seas).
List PF100 £2,000–£8,000
Richard Owen Associates (Staff Agency), 56 Moorgate, EC2R 6EL
Tel: 01-638 3833 24 hours

RESEARCHER c. £7,000

Salary is, however, entirely negotiable for suitable candidate for group of investment consultants based in N.W. London involved in the buying and increased profitability of small and medium companies. Job would entail market research into various industries as well as company profits and relevant data. An Economics Graduate with relevant experience would be ideal. Age 25/40.

Send C.V.'s to V.P.N. Employment, 6 Liverpool Street, London E.C.2.

E. B. SAVORY MILLN & CO.

PRIVATE CLIENTS' DEPARTMENT

Excellent prospects exist for an experienced Partners Assistant, with the certainty of being required to assume a considerable degree of responsibility for Portfolio Management.

Candidates must be well-educated, have the requisite first-hand experience, and will probably be aged 24-28.

Applications in writing only, including curriculum vitae, to

N. Pearson
E. B. SAVORY MILLN
20 Moorgate, London EC2R 6AQ

CLUBS

EVE, 189, Regent Street, 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69 Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW THE GREAT BRITISH STRIP Show at midnight and 1 am Mon.-Fri. Closed Saturdays 01-437 6455.

EXHIBITIONS

RINGS AND RATTLESNAKES Exhibition of rings and rattlesnakes. New U.S. jewels. Goldsmiths Hall, Foster Lane, London EC2. 5-28th July. Mon.-Fri. 10-5. Adm. Free.

SCULPTURE IN TIME at Asprey. Exhibition of Audemars Piguet Skeleton watches. 4-15 July Mon.-Fri. 9.30 a.m.-5.30 p.m. Saturdays 9.30 a.m.-1.00 p.m. Asprey & Co. 165-169 New Bond Street, London W.1. Tel: 01-493 6767.

PUBLIC NOTICES

DEVON COUNTY COUNCIL BILLS totalling £5m will be issued on 11th July, 1978, maturing 10th October, 1978. Total amount applied for was £42m. The maximum rate accepted was 9 3/16% per annum. The average rate for the bills issued was 9.4297% per annum. The total amount of bills outstanding is £5m.

SUFFOLK COUNTY COUNCIL £1m Bills issued today due 10.10.78 at 9 23/64ths. Total applications £9.5m. Bills outstanding £6m.

PLANT AND MACHINERY

FORK LIFT SALE! Stock of over 100 used Fork Lift Trucks ready for immediate delivery. Capacities from 2,000 lbs to 67,000 lbs. 50% have new tyres, new batteries, new seats and painted in original colours. List sent on request. Trade and export enquiries welcomed. Large reduction on bulk purchases. Deliveries arranged anywhere. Birmingham Fork Lift Truck Ltd., Hams Road, Saltley, Birmingham, B8 1DU. Tel. 021-327 5944 or 021-328 1705. Telex 337052.

WORLD STOCK MARKETS

Wall St. marginally easier at mid-session

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—110½% (110½%)
Effective $1.8895—52¾% (51¾%)

FAILING TO MAINTAIN last Friday's better performance, Wall Street stock prices moved narrowly yesterday morning with an easier bias in slow trading, as investors showed fresh concern about inflation, rising interest rates and dollar weakness.

The Dow Jones Industrial Average was 0.093 off at 812.37 at 1 pm and the NYSE All Common Index also slipped marginally by 1 cent to $55.33, while losses outnumbered gains by about a seven-to-six margin. Trading volume contracted to 13.83m shares from last Friday's 1 pm level of 17.50m.

Closing prices and market reports were not available for this edition.

Analysts said investors are apprehensive about how aggressive the Federal Reserve will be in using interest rate pressure to slow inflation.

British Petroleum gained $¾ at $15½ in active trading—British Press reports stated that the company has found a large oilfield off the Shetland Islands—BP declined to comment.

Tropicana Products rose $1 to $48½ but **Beatrice Foods** lost $⅞ to $24⅞—the U.S. Court of Appeals has temporarily halted their proposed merger. Tropicana also reported higher fiscal third-quarter and nine-months earnings.

National Airlines slipped $⅞ to $19⅞—Texas International Airlines has purchased a 9.2 per cent stake in National and is considering seeking control of the company. **Texas International**, on the American SE, put on $⅞ to $11¼.

Firestone Tire shed $⅛ to $13⅞—the Department of Transportation has asked Firestone to voluntarily recall up to 13m Firestone 500 radial tyres.

THE AMERICAN SE Market Value Index, however, improved a further 0.39 to 146.69 at 1 p.m. Volume 1.75m shares (2.04m).

Volume leader **American Motor Inns** hardened ⅛ to $15½—last week, the company declared that it was looking for real estate in Atlantic City to build a Casino. **Resorts International "A"** rose 2⅞ to $86⅞.

Canadian Merrill, which rose $2¼ on Friday, said yesterday that it could not account for the rise, and came back ⅞ to $16⅛.

Community Psychiatric Centers gained ⅛ at $32½ on higher second-quarter profits.

Tokyo

Shares pushed further ahead in active trading, although gains were pared by late profit-taking. The Nikkei-Dow Jones Average closed 15.22 higher at a new post-war record peak of 5,631.40, while volume came to 340m shares. The Tokyo SE index gained 1.10 at 424.71.

Heavy Electric Machines and Steels improved on active buying by institutional and some foreign investors, with **Hitachi** rising Y2 to Y256, **Mitsubishi Electric** Y4 to Y150 and **Nippon Kokan** Y3 to Y89.

However, Pharmaceuticals and some Electricals, which rose rapidly last week, finished lower on profit-taking. **Pioneer** lost Y41 to Y1,790, **TDK Electronics** Y30 to Y2,320 and **Green Cross** also Y30 to Y2,020.

Elsewhere, **Meito Sangyo** put on Y64 to Y687, **Kokuyo** Y50 to Y1,490, **Nippon Television Network** Y40 to Y6,200, **Uchida Yoko** Y30 to Y318, **Seiyu Stores** Y30 to Y1,290 and **Tamura Electric Works** Y29 to Y334.

On the other hand, **JGC** receded Y40 to Y1,200, **Matsushita Kotobuki** Y30 to Y2,100, **Victor of Japan** Y30 to Y1,390 and **Sakai Chemical** Y23 to Y320.

Paris

Market was again very firm, with foreign buying particularly in evidence. The firmness of the French franc, the easiness of the French money market and the recent measures to encourage savers to buy shares were all helping sentiment.

Banks were mixed, with **Credit National** a weak point, but other sectors were firm across the board.

Particularly bright spots included **Lafarge**, **Perrier**, **Printemps**, **Alsthom**, **Saint-Gobain**, **Radiotechnique**, **Afriques Occidentale** and **Paribas**, but **BSN Gervais Danone** retreated 24 to FFr 522.

Canada

Markets made further progress in quieter early trading yesterday. The Toronto Composite Index was 2.2 higher at 1127.8 at noon, while Golds rose 11.1 to 1,447.1, Metals and Minerals 2.9 to 913.1, Banks 0.87 to 273.05 and Utilities 0.63 to 171.95.

Ashland Oil Canada, subject of a take-over bid by Kaiser Resources, rose ⅞ to C$30 on 47,980 shares in Toronto as the most active issue. **Kaiser** edged up ⅛ to C$14⅛.

Indal, which said its U.S. unit has purchased the shares of Tennessee Building Products, added ⅛ at C$11⅛.

Germany

Bourse prices were mixed, affected by position closing and profit-taking.

Volkswagen advanced DM 2.30 and **VEBA** gained 80 pfennigs on good demand, while **Mannesmann** firmed DM 1.20. However, Banks lost ground, **Deutsche** shedding DM 1.40, while in Electricals, **Siemens** fell DM 2.30 and **BBC** DM 4.80.

On the Bond market, Public Authority issues sustained losses extending to 40 pfennigs, while the Regulating Authorities bought a nominal DM 88.1m of stock, against DM 22.7m purchases last Friday. Mark Foreign Loans were irregular.

Australia

Industrials made an irregular showing, but Minings and Oils were inclined to improve.

BHP featured with an advance of 16 cents to a new 1978 peak of A$7.40, buoyed by unconfirmed reports of a gas strike in the Bass Strait and expectations of higher Australian crude oil prices to bring them into line with world prices.

White Industries, on announcing its first long-term contract to supply steaming coal to Japan, forged ahead to A$2.10, but later reacted to A$1.98, only 3 cents higher on balance.

Hamersley picked up 5 cents to A$2.15, after last week's fall on reports that Japan wanted substantial changes to future iron ore contract arrangements. **Robe River**, however, were 3 cents easier at 82 cents.

In the Banks sector, **ANZ** hardened 3 cents to A$3.05 after going ex-rights last Friday.

Bundaberg, in Sugars, receded 5 cents to A$3.25 ahead of the results.

In Properties, enthusiasm subsided in **Westfield**, which relinquished 20 cents to A$4.30 after last week's strength on expectations of a share split.

Hong Kong

The recent uptrend was reversed by local and Overseas profit-taking, leaving the Hang Seng index 8.19 down at 573.13. Turnover on the four stock exchanges subsided to HK$127.50m from last Friday's total of HK$205.27m.

Jardine Matheson reacted 40 cents to HK$16.10, **Swire Pacific** 35 cents to HK$9.10, **Hong Kong Land** 30 cents to HK$10.40, **Hong Kong Bank** 20 cents to HK$19.30, **Hutchison Whampoa** 15 cents to HK$6.45 and **Wheelock** 12.5 cents to HK$3.40.

Among second-liners, **Hong Kong Wharf** and **Jardine Securities** each shed 30 cents to HK$24.00 and HK$8.15 respectively, while **Hong Kong Electric** lost 15 cents to HK$6.30 and **Hong Kong Hotels** 10 cents to HK$15.60, but **China Light** put on 10 cents to HK$26.50.

Johannesburg

Gold shares were firmer across the board, reflecting the higher Bullion trend. Gains ranged from a few cents in smaller-priced issues to 100 cents in heavyweights.

Mining Financials were higher in line with producers. Elsewhere, **De Beers** closed 10 cents up at R6.83, after touching R6.88.

Platinums were unchanged and Coppers were little tested, while Asbestos issues were a fraction lower in places.

The Industrial market was narrowly mixed with a firmer bias.

Amsterdam

Market closed on an irregular note following a light turnover, although Dutch Internationals were widely lower, with **Royal Dutch** Fl 0.80 easier.

Among Industrials, **Elsevier Publishing** declined 2 to Fl 276 and **Stevin Groep** 3 to Fl 131, but **Fokker Airplane Works** rose 1.50 to Fl 34, **Holec Electrotechnical Equipment** 2 to Fl 156.50 and **KNP Paper-Mills** also 2 to Fl 48.50.

Switzerland

Easier for choice in a slow business.

In Chemicals, **Ciba Geigy Participation Certificates** retreated 15 to SwFr 820.

In little-changed Financials, **Landis and Gyr Registered** gained ground following its latest letter to shareholders in which the company reported a satisfactory order backlog.

Domestic Bonds were slightly lower after thin dealings, while Foreign Bonds were quietly steady.

Brussels

Stocks were firmer-inclined in moderate activity, although Banks had **Societe Generale Banque** 30 down at BFr 2,950, while **La Royale Belge** receded 40 to BFr 3,710.

Milan

An easier tendency prevailed in slack trading, although **Olivetti Privileged**, up 7 at L988, resisted the downtrend in Industrials, while **Bastogi** gained 3 to L469 in Financials.

Indices

NEW YORK—DOW JONES

	July 7	July 6	July 5	July 3	June 30	June 29	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	812.46	807.17	805.78	812.89	818.95	821.64	850.61 (ern)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	87.18	87.20	87.20	87.22	87.34	87.00	90.68 (4/1)	87.18 (7/7)	—	—
Transport	218.26	218.58	216.50	218.32	219.86	219.82	251.83	139.31	279.88	13.23
Utilities	105.35	105.07	105.28	105.58	104.84	104.80	110.98 (3/1)	102.84 (22/2)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol. (000's)	25,480	24,970	28,750	11,580	18,100	21,680	—	—	—	—

* Basis of index changed from August 24

Ind. div. yield %	June 30	June 23	June 16	(Year ago approx.)
	5.71	5.68	5.58	4.63

STANDARD AND POORS

	July 7	July 6	July 5	July 3	June 30	June 29	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	104.76	104.06	104.02	104.97	105.55	105.57	110.99	95.52 (6/3)	134.54 (11/1/73)	3.52
Composite	94.83	94.32	94.22	95.09	95.53	95.57	100.32	86.90 (6/3)	125.85 (11/1/73)	4.40

	July 5	June 28	June 21	Year ago (approx.)
Ind. div. yield %	5.18	5.11	5.07	4.42
Ind. P/E Ratio	8.93	9.04	9.11	10.14
Long Gov. Bond yield	8.62	8.57	8.52	7.60

N.Y.S.E. ALL COMMON

July 7	July 6	July 5	July 3	1978 High	1978 Low
55.34	55.00	55.00	55.48	56.28 (6/6)	48.37 (6/3)

Rises and Falls

	July 7	July 6	July 5
Issues traded	1,869	1,886	1,864
Rises	964	596	369
Falls	451	855	1,119
Unchanged	454	435	376
New Highs	—	15	15
New Lows	—	43	39

MONTREAL

	July 7	July 6	July 5	July 4	1978 High	1978 Low
Industrial	180.98	180.12	178.51	179.92	185.08 (15/6)	162.80 (16/2)
Combined	188.78	189.15	188.73	188.11	194.08 (6/6)	170.82 (30/1)
TORONTO Composite	1126.6	1121.9	1119.5	1,125.8	1148.0 (15/6)	998.2 (30/1)

JOHANNESBURG						
Gold	224.9	222.5	222.8	(u)	224.9 (21/6)	185.0 (20/4)
Industrial	245.3	241.3	240.8	(u)	245.3 (7/7)	194.9 (14/3)

	July 10	Previous	1978 High	1978 Low
Australia (*)	485.13	484.16	501.34 (15/6)	441.19 (1/3)
Belgium (i)	95.60	95.46	101.16 (8/2)	90.43 (25/6)
Denmark (**)	95.61	95.49	98.15 (9/1)	94.00 (6/2)
France (tt)	70.1	69.6	71.2 (26/6)	47.6 (3/2)
Germany (‡‡)	795.8	798.2	812.7 (10/2)	758.4 (17/6)
Holland (§§)	85.2	85.2	87.0 (9/6)	76.0 (4/4)
Hong Kong (¶¶)	573.13	621.32	582.67 (6/7)	383.44 (13/1)
Italy (‖)	62.59	62.61	64.94 (22/6)	56.45 (10/1)
Japan (a)	424.71	423.61	424.71 (10/7)	364.04 (4/10)
Singapore (b)	359.31	356.14	356.31 (10/7)	282.0 (1/6)

	July 10	Previous	1978 High	1978 Low
Spain (d)	—	104.25	110.78 (7/5)	87.87 (17/5)
Sweden (e)	379.44	379.90	397.96 (3/5)	377.76 (7/1)
Switzerl'd (f)	289.8	291.1	300.20 (28/6)	270.0 (25/4)

Indices and base dates (all base value 100 except NYSE All Common—50; Standards and Poors—10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (*) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (tt) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

NEW YORK

[illegible]

CANADA

[illegible]

† Bid. ‡ Asked. § Traded. ¶ New stock

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ⊕ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross. div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

GERMANY ◆

[illegible]

TOKYO ¶

[illegible]

Source Nikko Securities, Tokyo

AUSTRALIA

[illegible]

BRAZIL

[illegible]

Turnover: Cr.... Volume .... Source: Rio de Janeiro SE.

OSLO

[illegible]

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

Securities Rand U.S.$0.70 (Discount of 39.1%)

SPAIN ♥

[illegible]

AMSTERDAM

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

SWITZERLAND ⊕

[illegible]

COPENHAGEN ♣

[illegible]

VIENNA

[illegible]

MILAN

[illegible]

PARIS

[illegible]

STOCKHOLM

[illegible]

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't. Trust	10 %
Capital C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	11 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corpn.	12 %
First Nat. Secs. Ltd.	12 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster Ltd.	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7%, and over £25,000 7¼%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7¼%.

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN	F350	—	—	2	36	3	40	F364.50
ABN	F370	—	—	4	4	6	7	..
AKZ	F27.50	—	—	20	3.30	4	5.90	F28.60
AKZ	F30	—	—	50	2.50	10	3.40	..
AKZ	F32.50	—	—	10	1.30	35	2.20	..
EK	$50	—	—	—	—	5	6⅛	$52⅞
EK	$60	—	—	2	1¼	—	—	..
GM	$60	—	—	3	2½	—	—	$58⅞
HO	F32.50	—	—	10	2.70	3	4.50	F32.90
HO	F35	—	—	2	2	1	3	..
HO	F37.50	—	—	3	1.10	6	1.80	..
IBM	$260	8	4	—	—	—	—	$259⅜
IBM	$280	10	¼	—	—	—	—	..
KLM	F140	—	—	—	—	2	25	F152.30
KLM	F150	—	—	3	13	12	17.50	..
KLM	F160	23	1	18	8	7	13	..
KLM	F170	—	—	52	6.50	16	11	..
KLM	F180	—	—	21	5	—	—	..
KLM	F190	—	—	15	2.80	—	—	..
KLM	F200	—	—	6	2	12	4.50	..
KLM	F220	—	—	10	1.30	5	2.60	..
NN	F98.90	—	—	4	6	—	—	F99.10
NN	F108.90	—	—	—	—	5	3.50	..
PHI	F22.50	1	3.80	10	4	—	—	F26.20
PHI	F25	—	—	10	2	—	—	..
PHI	F27.50	—	—	20	0.60	12	1.30	..
RD	F120	1	11.30	—	—	—	—	F131.20
RD	F130	19	1.10	8	4.60	—	—	..
RD	F140	—	—	15	1.50	—	—	..
UNI	F110	—	—	10	12.50	—	—	F122.20
UNI	F120	—	—	—	—	2	6	..
UNI	F130	—	—	6	0.90	10	2.60	..
		Aug.		Nov.		Feb.		
BA	$50	—	—	8	6¾	—	—	$52⅞
BA	$55	—	—	10	3¼	—	—	

FARMING AND RAW MATERIALS

Quiet start for crossbred wool market

By Our Commodities Staff

LONDON'S NEW crossbred wool futures market got off to a quiet, but encouraging, start yesterday. A total of 24 lots of 2,500 kilos each was traded when some good dealer buying interest developed after a cautious opening.

Traders pointed out that it is a seasonable quiet period at present with the auctions closed prior to the opening of the new 1978-79 season and manufacturing units also either closed or working at a low ebb during the summer holidays.

Closing price for the first trading month, December, was 182.50p to 183p a kilo based on New Zealand 35 micron wool. The London contract is claimed to be the first-ever crossbred wool futures market.

U.S. cocoa use slips 18%

BY OUR COMMODITIES STAFF

U.S. COCOA bean grindings fell by 18.2 per cent in the second quarter of 1978, according to the U.S. Chocolate Manufacturers' Association yesterday.

The grindings figure was 42.327 short tons, compared with 51,713 short tons in the second quarter of 1977.

Reaction on the London terminal market to news of this steep fall in U.S. cocoa consumption was mixed.

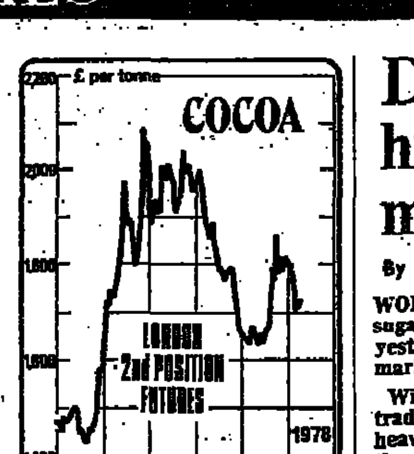
Prices initially rose since the market had already discounted an expected fall of between 15 to 20 per cent in the grindings. Some dealers who had forecast a decline of as much as 25 per cent, therefore described the 18 per cent drop as "constructive."

However, the market then reacted downwards, before rallying strongly at the close on stop-loss buying and covering. The September position eventually closed £17 up at £1,723 a tonne.

Nevertheless the fall in U.S. grindings is a large decline and illustrates the impact of the very high price levels during the past few years.

Overall confectionery sales in the U.S. have been hit by the high cocoa prices, aggravated by the fall in the value of the dollar. There has also been a sharp increase in imports of cocoa liquor, mainly from Brazil and Ecuador.

Grinding figures from West Germany, due out later this week, are expected to show a decline of between 5 to 10 per cent, with a similar fall forecast for UK grindings, which are expected to be issued next week.



Shipping delays are continuing to keep the nearby months at a premium over the more distant positions on the futures market, but this situation could gradually disappear in the months ahead if the Brazilian temporao crop encourages further sales.

Prospects for the West African crops are looking reasonable at this stage, although it is pointed out that there is a general downtrend in Ghana production which is unlikely to be reversed much even if the weather remains favourable.

Depression hits sugar market

By Our Commodities Staff

WORLD FUTURES prices for sugar lost £3 a tonne and more yesterday on the London market.

With no fresh news to bolster trade and further reports of a heavy beet crop developing in the European Community, prices resumed their downward trend early in the day.

The London daily price for raws was set £2 a tonne lower at £89, and futures prices eased from the opening as sterling strengthened against the dollar.

October sugar closed at £89.625 a tonne, £3 down on Friday's close.

The French beet growers' federation reported that the crop in France had now made up the ground lost through a cold spring, although the lack of sunshine so far during the summer had set the roots back again. The crop was once again a week behind schedule.

One dealer who has recently toured the main beet growing areas of Europe, however, said crops in general were in a "beautiful" condition—free of diseases, clear of weeds and without any of the customary gaps in the rows of plants.

"I can see no reason why the market should stop falling," he said.

'Imports undermine UK beef trade'

BY CHRISTOPHER PARKES

COMMON MARKET traders are consolidating their foothold in the British meat market, Mr. John Silkin, Minister of Agriculture, was warned at the weekend. The British industry is being undermined at all levels, according to Mr. John McNicol, chairman of Buchan Meat Producers.

In a letter to the Minister, Mr. McNicol claimed: "Unless some action is taken we can see ourselves becoming a nation of milk producers with calves being sold abroad and our meat supplies coming from our partners in Ireland, France, Germany, Denmark and Holland."

The already heavy trade in British calves to Europe had increased 120 per cent in the first quarter of the year.

Skilled abattoir staff were being tempted to work in Belgium, France and Holland, and some Continental companies were even setting up their own calf rearing farms in Britain to guarantee future supplies of raw materials for fatteners in Europe.

Buchan Meat Producers, a co-operative operating in the North East of Scotland, represents more than 4,000 farmers, most of whom specialise in beef production. It sells more than 50,000 head of finished beef cattle a year.

The danger could be averted by a change in the Government's attitude towards "green pound" policy which at present gives European meat exporters heavy subsidies on their meat sales to the UK, Mr. McNicol said.

British calves were being taken abroad, fattened up and sold back here in the form of meat. Last year more than 400,000 calves were shipped out of Britain and in the first three months of 1978 exports were already running at more than double this level.

Slaughter

One Belgian company planned to increase its imports of calves from Britain by 33 per cent this year. "Several other Belgian, Dutch and French firms are planning similar moves," he said in a statement.

"In addition to the exports of live animals we now see an increasing level of recruitment of British personnel skilled in lamb slaughter, beef boning and cutting," he said in his letter to the Minister.

"Continental meat companies have also bought into our distribution system with takeovers in wholesale and retail sides of the business even to the extent of buying in to the traditional centre of the meat industry, Smithfield market."

British slaughterhouses, already short of work, now faced the prospect of working a three-day week.

"If the present policy on monetary compensatory amounts is to continue, then one can see only a rapidly rising trend to a reducing slaughter throughput in the UK and more people being thrown into unemployment."

Mr. McNicol said yesterday that his main concern was that European calf traders were draining the raw material from the British beef industry. The trend was accelerating and in 12 months producers and processors here could be in serious difficulties

Copper price rise predicted

COPPER PRICES on the London Metal Exchange should rise steadily in the last four months of the year, Mr. Sacha Gueronik, Secretary-General of the Intergovernmental Council of Copper Exporting Countries (CIPEC), said here yesterday.

Following a stable summer market trends will begin to be reflected in world copper prices, he told Reuter.

They will begin to rise as a result of falling stocks, and the realisation in the market that refined copper production this year will fall several hundred thousand tonnes short of consumption.

Mr. Gueronik noted that copper stocks on the LME warehouses have fallen steadily from [illegible]0,000 tonnes at the beginning of the year. A large part of the remaining stocks are already spoken for, or are of inferior quality.

The market situation sharply reversed this year from a position of over-production to one of a production deficit. This turnround followed the closure of some mines; transport difficulties, particularly in Zaire and Zambia; the rebel invasion of Shaba Province, and social conflicts in the Peruvian mining industry.

He broadly agreed with current estimates by the International Wrought Copper Council of a refined production deficit of 220,000 tonnes in 1978. Though this did not include shortfalls resulting from the Shaba invasion.

Mr. Gueronik said that according to his information the Kolwezi mines were in fairly good shape but production rates were not yet back to pre-invasion levels.

One of the most important consequences of the invasion was the delay caused to work on a substantial expansion programme for the Kolwezi mines.

The underlying supply trend would continue to worsen, with about 120,000 tonnes of Zambian copper stuck half way between Zambia and Dar es Salaam and the difficulty in getting copper out of Zaire now that outlets through Angola were completely cut off.

It took about 45 days to get copper from Kolwezi to Matadi where it can be exported, and the journey involved many changes in transport from road, to rail, to ship.

Mr. Gueronik said in summary the outlook for the copper price was less discouraging than at the beginning of the year.

Import ban on copper unlikely

PARIS, July 10.

THE U.S. Administration told members of the Inter-Governmental Council of Copper Exporting Countries (CIPEC) that it is unlikely to take action on copper, reports Reuter.

Mr. Sacha Gueronik, the secretary-general, said he had received a letter from the U.S. Administration stating almost explicitly that it would not act to limit copper imports following a U.S. producers' petition for temporary relief from imports.

The Adminstration told Cipec the U.S. did not support the principle of protectionist measures to resolve trade problems. It will continue to look for international solutions to the problems of the copper market.

The U.S. International Trade Commission will make recommendations to President Carter by August 23 following its recent hearings on copper imports.

In Washington, U.S. copper industry officials said they were disappointed at the latest U.S. Bureau of Mines statistics on refined copper imports.

The Bureau of Mines said refined copper imports jumped to 77,919 short tons in April 1978, equalling 48 per cent of domestic consumption and 36 per cent of total U.S. consumption.

Mr. George B. Munroe, chairman of Phelps Dodge, said: "A 35 per cent increase in imports in only one month means that total imports are now over five times normal levels."

Reuter

Trinidad State industry in trouble

PORT OF SPAIN, July 10.

CARONI, Trinidad and Tobago's State-owned sugar company, has lost $T&T 131m (about £31m) over the last three years, according to its chairman Mr. Frank Barsotti.

The loss last year was $T&T51m (about £12m).

Presenting the company's annual report for 1977, Mr. Barsotti made it plain that Caroni would have closed down long ago had it not been State-owned and the Government willing to subsidise the losses.

Caroni produced 156,000 tons of sugar last year, a drop of 50,000 tons.

The 1978 outlook seems equally gloomy with final production not expected to exceed 155,000 tons—a fall of 41,000 tons below target.

"Beyond doubt, Caroni is in a position of extreme crisis, perhaps more serious than anything previously experienced in its long and difficult career," Mr. Barsotti said.

EEC sheepmeat regime backed

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

PARIS, July 10.

THE EXTENSION of the Common Agricultural Policy to include a sheepmeat regime is strongly backed in a report by a House of Lords select committee on the European Community published today.

It says that a Common Market sheepmeat policy is essential to bring stability to the market by preventing unilateral action by member countries.

The committee approves in general the Commission's proposals for a regime which would provide for free movement of sheepmeat across Community frontiers, supported by an efficiency payments system.

The suggestion is that this should be weighted to take account of the probable fall in price for French producers catered for by means of a five-year transitional period.

The committee discounts the fears expressed by New Zealand that the safeguard clause contained in the proposals could cause a cut-off in their exports to Europe.

Instead, it points out that the present levy of 20 per cent on New Zealand lamb imports, which cannot be increased under the GATT regulations, could in fact become variable. So, in the long run, it could actually benefit New Zealand—a claim which is viewed very sceptically by the New Zealanders.

None the less, the committee recommends that the regime should include a firm commitment that the safeguard clause would be invoked only if there were no other way of ensuring market stability.

Also, that sufficient notice should be given of its imposition because of New Zealand's distance from the market.

It recognises that lamb prices are almost bound to rise, should there be free trade, but it does not appear to think that the rise will be any more than what is called a minimal 5 to 15 per cent.

This discounts the New Zealand view that prices would rise much further, and so cause a fall in consumption.

As a footnote to the committee's findings, it must be noted that the present price of sheepmeat is about 20 per cent higher than at the same time last year. Moreover, there has been a substantial increase in exports to European markets other than France over the past year.

This will presumably continue even if the French market is closed within the next week or so, which appears likely at present.

Many of these exports find their way into France by the backdoor without paying the French duty. It is probable that a regime, if it comes, will make little difference in the long run to a situation of virtual free trade in sheepmeat, which is already growing.

● The New Zealand Meat Producers' Board found the Lords' report "complacent."

"We have little quarrel with their analysis, but the conclusion seems complacent in the light of what they have found," the board said in a statement.

"We are surprised the committee has endorsed MAFF's low estimate of 5 to 15 per cent for the resultant increase in UK consumer prices without any attempt to substantiate such a conclusion.

One of the board's main fears about the proposals was that the basic price, which according to the Commission's explanation would be used purely as a technical benchmark, would soon be seen by producers as a target level for market prices.

Metals up despite stronger sterling

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER LED a general rise in base metal values on the London Metal Exchange yesterday. The increases came despite the strong rise in the value of sterling against the dollar, which normally should mean a fall in London prices.

As expected, there was another sizeable fall in copper stocks held in the LME warehouses. They fell by 5,925 tonnes reducing the total held to 497,275 tonnes—the lowest level since the end of 1975.

However, the impetus for the upward trend came mainly from New York, where a buying chart point was breached.

A rise of £90 to £6,635 in the cash tin price reflected the trend in copper and a rise in the Penang market over the weekend. A rise in tin stocks of 85 tonnes to a total of 2,010 tonnes was in line with market expectations and had already been discounted.

The International Tin Council begins its full session today when the main item for discussion will be producers' demands for a substantial rise in the Tin Agreement "floor" and "ceiling" price range.

A technical market squeeze on supplies immediately available helped to boost lead values with the cash price closing £5.75 up at £308.5 a tonne. Both lead and zinc were boosted by the rise in copper.

Lead stocks fell by 250 tonnes to 55,475 tonnes, while zinc holdings rose by 2,250 to 70,275 tonnes. LME silver holdings increased by 10,000 to 18,010,000 ounces.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Gained strength throughout the day on the London Metal Exchange. After forward metal had started at £709, the decline in warehouse stocks was ignored and the firmer value of the pound against the dollar had little effect. The main influence was the strength of Comex, although in the afternoon some influential buying entered the market. This allowed the price to close on the Kerb at the day's high of £719.5. Turnover: 16,850 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Wirebars				
Cash	692.5-3	+5	697.5-8	+7.75
3 months	712-3	+6.25	717.5-8	+8.75
Settlem't	693	+5	—	......
Cathodes				
Cash	688.5-9.5	+5.25	693.5-4.5	+6.5
3 months	709-.5	+6.25	713.5-4	+9
Settlem't	689.5	+5.5	—	......
U.S. Prod.	—	......	*66.5-68	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £693.5, 93, three months £711, 11.5, 12, 12.5, 13, 12.5. Cathodes, three months £709. Kerb: Wirebars, three months £713, 12.5. Afternoon: Wirebars, three months £715, 14.5, 15, 16, 17, 16.5, 17, 17.5, 18, 17, 17.5. Cathodes, three months £713.5. Kerb: Wirebars, three months £718, 16.5, 19, 19.5.

TIN—Firmer, with forward metal starting at £6,480 after a rise in the East over the weekend. Covering against physical business and pricing against high grade material pushed the price to £6,520, a chart point which induced some selling. In the afternoon physical demand and stop-loss buying led to a day's high of £6,580 and a close on the Kerb of £6,570. Turnover: 1,315 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	†+ or —
High Grade	£	£	£	£
Cash	6630-40	+90	6630-40	+90
3 months	6515-35	+57.5	6550-70	+65
Settlem't	[illegible]			
Standard				
Cash	[illegible]			
3 months	[illegible]			
Settlem't	[illegible]			
Straits E.	[illegible]			
New York	[illegible]			

[illegible]

LEAD—[illegible]

LEAD	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	[illegible]			

ZINC—[illegible]

ZINC	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	[illegible]			

SILVER

[illegible]

COCOA

In quiet conditions values traded within a narrow range closing steadier on balance, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	[illegible]		

COFFEE

[illegible]

GRAINS

[illegible]

COTTON

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

... 183.5, July 187-184.5, Oct. 189-187, Dec. 189-187. Sales: 24 lots of 2,500 kilos each.

BRADFORD—The market was quiet with interest reported by trade sources to be too limited to raise price levels. The sources said the rise in sterling against the U.S. dollar raised some chance of selling a little more cheaply, but most dealers feel margins are already too fine.

SYDNEY GREASY—Closed (in order buyer, seller, business, sales):—Micron Contract: July 335.0-339.5, 335.0-335.1; [illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

Prices per tonne unless otherwise stated.

	July 10 1978	+ or —	Month ago
Metals			
Aluminium	£680	....	£680
	[illegible]		

INDICES

FINANCIAL TIMES

[illegible]

REUTER'S

July 10	July 7	Month ago	Year ago
1447.1	1462.2	1517.6	1638.1

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	July 7	July 6	Month ago	Year ago
Spot	356.57	356.46	357.80	384.42
Futures	341.60	341.04	350.14	348.70

(Average 1924-25-26=100)

MOODY'S

Moody's	July 7	July 6	Month ago	Year ago
Sple Commty	916.5	918.9	980.8	879.9

(December 31, 1931=100)

LOWER QUALITY TEAS CHEAPER

LACK OF demand for lower quality teas brought a drop in prices at the London tea auctions yesterday. The average price paid for plain teas dropped by 7p to 76p a kilo, and medium qualities fell by 3p to 117p.

However, quality teas were in better demand and their average price ended slightly higher at 135p against 134p a week ago.

Bigger role for Jute corporation

By K. K. Sharma

NEW DELHI, July 10.

THE ROLE of the Indian Jute Corporation has been substantially enlarged to enable it to procure raw jute in a big way in the 1978-79 season. It will also be empowered to take up export and domestic sale of jute goods on a commercial basis.

Under the long-term measures to regulate trading in raw jute—announced officially here today, the role of the Jute Corporation will no longer be restricted only to price support operations as hitherto.

It will be extended to undertaking commercial operations and should have a dominant position in the market, the Government said.

However, while undertaking these operations, the corporation will take adequate care to see that its entry in the market is not exploited by middlemen and speculators by pushing up prices of the fibre to unwarranted levels.

In addition, it will undertake buffer stock operations to supplement its other efforts to stabilise raw jute prices.

U.S. report on Soviet winter wheat output

WASHINGTON, July 10.

SOVIET WINTER wheat production this year is expected to be about the same as 1977, says a U.S. Agriculture Department team, after a one-month tour of USSR winter wheat areas, reports Reuter.

The USSR informed the team that the 1977 winter wheat output was 51.9m tonnes. The department will issue its revised estimate of the USSR grain crop on July 10.

It is likely to be nearer the high side of the department's June 12 estimate of 185m to 225m tonnes.

Prospects seem significantly less promising for sunflowers and maize than for 1978 wheat, although the three-man team did not visit major corn areas.

Reuter

Indian cotton output to rise

BOMBAY, July 10.

INDIAN COTTON production this year will rise to about 6.95m bales (of 170 kilos each) from last year's 5.95m, compared with earlier estimates of 6.83m, according to the East India Cotton Association, reports Reuter.

The revised estimate puts output in Gujarat and Maharahtra about 100,000 bales higher than earlier forecast. In the northern region—Punjab, Haryana and Northern Rajasthan—it is about 25,000 bales more.

STOCK EXCHANGE REPORT

Economic and financial hopes stimulate market revival

Equity index advances 9.9 to 465.5—Gilts also impressive

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jun. 26	July 6	July 7	July 18
July 10	July 20	July 21	Aug. 1
July 24	Aug. 3	Aug. 4	Aug. 15

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Looking for encouraging news about inflation and money supply this week, stock markets responded to sterling's unexpected firmness and began the new Account in good style. The first of this week's pointers arrives today in the shape of the latest banking statistics and it is hoped that the growth in money stock has been checked by last month's financial measures which included the imposition of corset controls on the banks.

All sectors of the market benefited from a return of institutional interest, aided and abetted by business of a more speculative nature. Gilt-edged securities, in particular, were able to extend further the recent recovery helped by unconfirmed reports of a tranche of the long tap having changed hands: the stock, Exchequer 12 per cent 2013-17 (£45-paid) closed ½ higher at 44½ and seems destined to test the Government broker's selling level—thought to be slightly in excess of £45.

Leading industrials took note of the pound's advance in foreign exchange markets yesterday and, during the initial upsurge, buyers found supplies of stock limited which restricted the actual amount of trade. The FT 30-share index stood 8.2 up at the noon calculation, digested the advance over the next two hours and then moved forward again to close at the day's best of 465.5 with a gain of 9.9—the biggest single-day rise since April 27.

The market also reflected optimism over yet a further ½% in the rate of inflation when the retail price indices are announced on Friday.

British Funds improved for the third successive trading session. Demand was on an increased scale and included a revived institutional business for both the short and long maturities. Reports suggested that a sizeable order had been completed in the long tap and the price settled close to the level at which the Government broker is likely to become operational. Gains at this end of the market extended to ¾, while the shorts were a maximum of ½ higher apart from Treasury 3 per cent 1982 which, in clean form, rose ¾ to 84¼. Corporations staged improvements of a full point and, among recently-issued scrips, Southend-on-Sea 12 per cent 1987 rallied ¾ to 9¼ in £10-paid form.

Dullness in the investment currency market was a direct reflection of sterling's upturn and the premium fell to 109¾ per cent before steadying late to close a net ¾ lower at 110¼ per cent. Yesterday's SE conversion factor was 0.6556 (0.6582).

Interest in Traded Options picked up and 543 contracts were done. Over a third of the business was transacted in Grand Met (105) and ICI (87). The Stock Exchange committee are reported to be meeting to decide a way to enliven interest by adding more stocks to the market.

Home Banks better

Buyers began to show an interest in the major clearing banks ahead of the interim dividend season which starts next week. Lloyds, the first to report on July 21, improved 7 to 262p, while similar improvements were seen in **Midland**, 345p, and **NatWest**, 262p. **Barclays** closed 5 to the good at 313p.

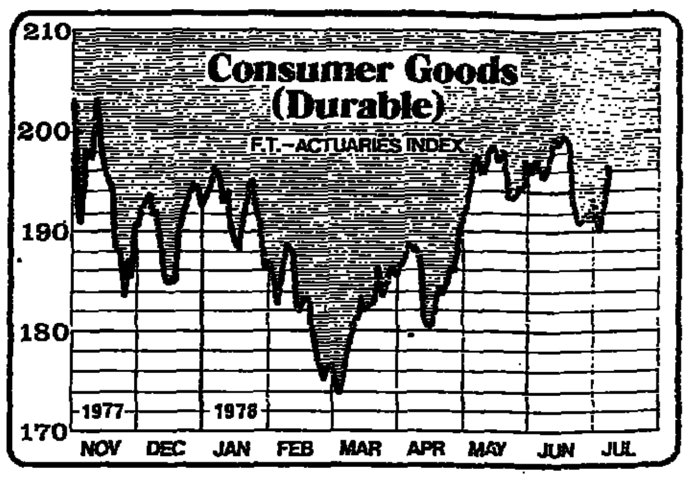
Some useful gains were recorded in Insurances but the volume of business was small. **Royals**, 10 higher at 353p, led the advance in Composites, while **Phoenix** added 8 to 228p and **Commercial Union** improved 7 to 147p. In Brokers, **Alexander Howden** firmed 6 to 167p with the help of Press comment and **C. E. Heath** put on 10 to 267p. **Hambro** gained 15 more to 320p among life issues.

A fairly lively interest developed in the Brewery sector. **Guinness** stood out in the leaders with a rise of 6 to 159p, while demand was again forthcoming for **Greene King**, up 7 more at 270p, in secondary issues. Ahead of Thursday's preliminary results, **Distillers** were firm and reasonably active at 183p, up 5p. Revived speculative demand pushed **Matthew Clark** ahead to close with a gain of 12 at 144p.

Crossley Building Projects jumped 39 to 103p following the agreed cash offer of 105p per share from **Bowater**; the latter hardened 3 to 186p. Despite the lower profits, **James Latham** rose 17 to 130p on the accompanying capital proposals, while investment recommendations lifted **Gough Cooper** 5 to 72pxd and **Federated Land and Building** 3 to 42p. Despite the profits setback, **May and Hassell** found support on dividend considerations and firmed 5 to 62p, but **British Dredging** eased 2 to 39p following the reduced loss and deal with **Ready Mixed Concrete**; the last-named firmed 4 to 117p. Speculative favourites **Norwest Holst** and **Heywood Williams** attracted buyers and were both around 8 up at 108p and 130p respectively, while Press comment prompted **French Kier** 2½ higher at 35½p. **Wettern Brothers** eased 3 to 113p following the decision by the Board to oppose the increased offer of 120p per share from **W. and J. Glossop**.

Fisons, 367p and **ICI**, 370p, both closed at the day's best with gains of 12 and 8 respectively. **Croda International** and **Laporte** added 3 apiece to 54p and 108p, while **Farm Feed** put on 4 to 44p.

Stores closed at, or near, the day's best, with sentiment helped in the later stages by the encouraging June Wholesale Price index. **Gussies A** were outstanding at 280p, up 14, while **Mothercare** added 8 to 168p and improvements of 4 were seen in **Marks and Spencer**, 147p, **Burton A**, 114p, **Combined English**, 98p and **Debenhams**, 90p. Acquisition details helped **House of Fraser** to harden 3 to 139p. Secondary issues continued to attract good selective support. Buying in front of today's preliminary results left **Ratners** up 6 at 73p, while **Time Products** rose 9 more to 171p on further speculative interest. **Forminster**, at 142p, recorded a Press-inspired gain of 7 and **Raybeck** were popular at 84p, up 6.



Suspended last month at 17p pending bid developments, dealings in **Knott Mill** were resumed yesterday following the announcement that talks have been terminated and subsequently the shares fell away to close at 14p. In Shoes, **Wearra** hardened 2½ to 27½p in response to the interim results.

Still benefiting from the substantially increased dividend and the better-than-expected preliminary figures, **Thorn Electrical** were in demand again and pushed ahead further to close 14 dearer at 330p. Among the other leaders, support was again forthcoming for **GEC**, 8 firmer at 271p, while **Plessey** met scattered demand at 93p, up 3. Slightly better-than-expected results left **Henry Wigfall** 7 to the good at 227p, while noteworthy movements in Electronic issues included **Electrocomponents**, 8 higher at 465p, and **Racal**, 6 dearer at 254p.

Engineering leaders contributed to the firm trend. **Tubes** gained 10 to 358p, while **Hawker**, 212p, and **John Brown**, 388p, added 8 apiece, sentiment in the last-mentioned being helped by the chairman's encouraging annual statement. **Vickers**, however, softened a penny to 172p following a broker's warning that the Government nationalisation compensation offer to the group will be well below expectations. Elsewhere, **W. E. Norton** hardened 2½ to 46½p in response to Press comment and **Christy Bros.** put on 4 to 49p following the chairman's encouraging statement. Still reflecting recent investment comment, **Davy International** added 9 more to 248p, while **Staveley Industries** firmed a similar amount to 274p and **Pegler-Hattersley** improved 6 to 158p. Already 5 harder at 132p, **Babcock and Wilcox** were unmoved by the late statement from Northern Engineering stating their wish not to form a joint boiler-making company with B. and W. Continuing to reflect the nationalisation compensation terms, **Swan Hunter** rose 4 to 144p among Shipbuilders.

Foods encountered selective support. Among the leaders, **Tate and Lyle** improved 4 to 174p, sentiment being helped by news of the £30m loan facility. Elsewhere, **J. Lyons** found favour and put on 4 to 87p, while **Geo. Bassett** were similarly higher at 119p xd. Supermarkets to make headway included **Sainsbury**, up 5 at 200p, and **Nurdin and Peacock**, 2 dearer at 75p. Hotels recorded some useful improvements, **Myddleton** rising 10 to 240p and **City** 6 to 117p. A fair amount of interest was shown in **Grand Metropolitan**, which firmed 3½ to 107p.

Encouraged by the firm performance of sterling, prices of the Miscellaneous Industrial leaders improved from the start and closing gains ranged to 14. **Unilever** were that much dearer at 526p, while **Glaxo** put on 13 to 568p and **Reckitt and Colman** firmed 10 to 470p. **Beecham** ended 10 better at 655p following its £14m offer for Scott and Bowne. **Scottish and Universal** closed 7 to the good at 117p following further consideration of the results. Continuing to reflect the capital proposals, **G. R. Holdings** added 20 more to 570p while **Donald Macpherson** rose 4½ to 65½p on buying in front of today's results. Press comment drew buyers' attention to **Lindustries**, 141p, and **Silentnight**, 75p, which rose 5 and 5½ respectively, while **Hays Wharf** met with fresh speculative interest and improved 8 more to 140p. Gains of around 6 were seen in **Avon Rubber**, 204p, **Cape Industries**, 124p and **Royal Worcester**, 140p, and fresh demand in a thin market lifted **A. and R. Findlay** 5 to 43p. Comment on the interim figures prompted a gain of 6 to 298p in **Sotheby Parke Bernet** but **R. W. Toothill** fell 6 to 38p on further consideration of the annual results.

The continuing boom in car sales stimulated demand for Garages and Distributors. Favourable weekend Press mention directed attention to **Henlys**, up 6½ at 124p, with the new shares 7 higher at 17p premium. **ESG International**, also the subject of Press comment, firmed 1½ to 42p. **Lex Service** rose 3 to 77p and **H. Perry** were similarly better at 103p. Elsewhere in the Motor sectors, some useful gains were recorded in Components, with **Lucas** up 7 at 301p, and **Dowty** 6 better at 216p.

In Newspapers, **Associated** put on 10 to 171p xd reflecting North Sea interests and, in sympathy, **Daily Mail A** firmed 4½ to 300p xd. Elsewhere, **Websters Publications** firmed 2½ more to 54½p on continued speculative interest.

Leading Properties made headway in a small turnover. **Land Securities** firmed 8 to 217p and **MEPC** 3 to 121p, while **Stock Conversion** added 4 to 258p. Secondary issues to find support included **Berkeley Hambro**, 116p and **Property Holding and Investment**, 285p xd, both 6 higher, and **Great Portland Estates**, 286p xd, up 7½.

After a hesitant start, Oils made good progress in active trading. Dividend considerations attracted buyers to **Shell**, 16 up at 570p, but news of the big new find in the North Sea failed to stimulate **British Petroleum** until Wall Street influences prompted a gain of 12 to 844p. **Burmah** put on 4 to 63p and **Ultramar** 7 to 252p, while **Tricentrol** firmed 12 to 178p. Buyers returned for speculative favourites **Oil Exploration**, 222p, and **Siebens (UK)**, 344p, which added 12 and 10 respectively.

Among Overseas Traders, **Lonrho** took a modest turn for the better after recent dullness and picked up 3 to 60p.

Buyers were evident in Investment Trusts where gains were fairly widespread. Among some of the more noteworthy movements, **Phillip Hill**, 179p, and **Great Northern**, 105p, both rose around 5.

Textiles made a bright showing. Press comment ahead of today's preliminary results stimulated demand for **Textured (Jersey)**, which put on 5 to 31p, while **Hollas Group** improved 3 to 85p for a similar reason. **Dawson International**, a recent speculative favourite, rose 5 to 135p xd.

Interest in Plantations again centred on **Guthrie**, which pushed ahead further on continued speculative demand to 390p before settling at 375p for a gain of 15 on the day.

Golds improve

Continuing pressure on the dollar prompted a $2.75 rise in the bullion price to $186.875 per ounce and consequently led to modest gains in South African Gold shares which were also boosted by the firmness of the securities rand.

The Gold Mines index improved 1.0 to 158.2 after losing 4.0 over the two previous trading days.

Business in Golds, however, remained at a low level although some U.S. interest was reported in the late trade.

Marginals provided a feature in **Durban Deep**, which soared 40 to 250p following aggressive buying from the Cape.

De Beers rose 7 to 384p in response to U.S., Continental and local demand in front of the Central Selling Organisation's record half-year sales figure.

London-registered Financial moved ahead strongly reflecting the buoyancy of UK equities. Favourable weekend Press mention helped **Gold Fields** to improve 7 to 181p and **Rio Tinto-Zinc** a similar amount to 232p.

Australian issues put on a disappointing performance. Despite a firmer trend in overnight Sydney and Melbourne markets, prices here marked time owing to lack of interest and a slightly easier investment currency premium. **Hampton Areas** were a lone firm spot, however, and gained 3½ to 134p ex-dividend following Press comment.

Rises of around 5 to new highs for 1978 were seen in **Ayer Hitam**, 300p, **Berjuntai** and **Gopeng** at the common price of 300p, **Malayan Tin**, 415p, and **Southern Malayan**, 320p. Elsewhere speculative support lifted **Silvermines** 5 to 52p.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 4	July 17	Sep. 28	Oct. 10
July 18	July 31	Oct. 12	Oct. 24
Aug. 1	Aug. 14	Oct. 26	Nov. 7

For rate indications see end of Share Information Service

Stocks to attract money for the call included **Burmah Oil**, **Fitch Lovell**, **UDT**, **Yule Catto**, **English Property**, **Tricentrol**, **H. and J. Quick**, **Fodens**, **Ladbroke Warrants**, **Centreway Securities** and **Talbex**. **KCA** were dealt in for the put, while double options were arranged in **Burmah Oil**, **Queens Moat Houses**, **Royco** and **Gurthrie**. A short-dated call was done in **D. Macpherson**, while a long-dated put was transacted in **Guthrie**.

FINANCIAL TIMES STOCK INDICES

	July 10	July 7	July 6	July 5	July 4	July 3	A year ago
Government Secs.	70.26	69.71	69.44	69.02	69.50	69.50	67.35
Fixed Interest	71.59	71.27	71.28	70.98	71.35	71.47	67.71
Industrial Ordinary	465.5	455.6	452.1	452.0	453.1	458.1	439.6
Gold Mines	158.2	157.2	159.5	161.2	160.4	158.4	111.7
Ord. Div. Yield	5.69	5.82	5.85	5.84	5.83	5.78	5.43
Earnings Y'ld% (full)*	17.27	17.64	17.74	17.72	17.69	17.54	10.18
P/E Ratio (net)(*)	7.70	7.54	7.49	7.50	7.51	7.58	8.96
Dealings marked	4,854	4,246	4,195	4,578	4,690	3,817	4,698
Equity turnover £m.	—	71.27	60.91	57.81	47.97	48.63	45.06
Equity bargains total	—	15,352	12,948	11,948	11,538	11,699	15,074

10 am 458.8, 11 am [illegible], Noon [illegible], 1 pm [illegible], 2 pm [illegible], 3 pm 464.5.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. [illegible]

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	73.58 [illegible]	68.79 [illegible]	127.4 [illegible]	49.18 [illegible]
Fixed Int.	81.27 [illegible]	70.73 [illegible]	150.4 [illegible]	50.53 [illegible]
Ind. Ord.	497.5 [illegible]	433.4 [illegible]	549.2 (14/9/77)	49.4 [illegible]
Gold Mines	168.6 [illegible]	130.3 [illegible]	442.3 [illegible]	43.5 [illegible]

S.E. ACTIVITY

	July 10	July 7
Daily		
Gilt-Edged	183.0	145.3
Industries	162.4	143.6
Speculative	54.6	29.7
Totals	110.0	96.7
5-day Average		
Gilt-Edged	154.9	149.7
Industries	156.1	149.5
Speculative	35.0	33.5
Totals	103.5	98.9

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (149)

BRITISH FUNDS (1)
AMERICANS (1)
BANKS (1)
BEERS (1)
BUILDINGS (10)
CHEMICALS (4)
DRAPERY & STORES (8)
ELECTRICALS (3)
ENGINEERING (8)
FOODS (2)
HOTELS (2)
INDUSTRIALS (17)
INSURANCE (1)
MOTORS (3)
NEWSPAPERS (2)
PAPER & PRINTING (2)
PROPERTY (1)
SHOES (1)
TEXTILES (4)
TRUSTS (63)
OVERSEAS TRADERS (2)
RUBBERS (5)
TEAS (1)
MINES (6)

NEW LOWS (8)

AMERICANS (1)
Colt Inds.

INDUSTRIALS (3)
Fertleman (B.) Norvic Secs.
Lebus (Harris)

PAPER (1)
Waddington (J.)

SHOES (1)
Footwear Invs.

SOUTH AFRICANS (1)
Hulett's

ENGINEERING (1)
Newman-Tonks

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	74	—	[illegible]
Corpns., Dom. and Foreign Bonds	33	—	[illegible]
Industrials	569	132	[illegible]
Financial and Prop.	280	26	[illegible]
Oils	17	1	[illegible]
Plantations	11	2	[illegible]
Mines	67	27	[illegible]
Recent Issues	7	6	[illegible]
Totals	1,058	194	1,1[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	18	370	+ 8	396	328
Shell Transport	25p	14	570	+ 16	585	484
BP	£1	11	844	+ 12	892	720
Distillers	50p	10	183	+ 5	187	163
Guthrie Corp.	£1	10	375	+ 15	375	211
Thorn Elect.	25p	10	330	+ 14	392	308
European Ferries	25p	9	129	+ 4	129	99
Grand Met.	50p	8	107	+ 3½	117½	87
De Beers Defd.	R0.05	7	384	+ 8	412	285
GEC	25p	7	271	+ 8	278	233
Gus A	25p	7	280	+ 14	312	256
Tarmac	50p	7	148	+ 3	162	124
BATs Defd.	25p	6	255	—	296	227
Barclays Bank	£1	6	313	+ 5	358	296
Commerc'l Union	25p	6	147	+ 7	159	138

APPOINTMENTS

Senior executive change at Renault Trucks and Buses U.K.

M. Guy Caunègre has succeeded Mr. Ronald Spears as managing director of RENAULT TRUCKS AND BUSES UK, the British subsidiary of Renault Véhicules Industriels. M. Caunègre joined Renault's truck marketing organisation in 1970, and for the past 12 months has had special responsibilities within the international division. Mr. Spears leaves the company after 2½ years' secondment from Renault Ltd., during which he was responsible for the formation of Renault Trucks and Buses following the merger of SAVIEM UK and Berliet Citax UK.

★

Mr. Malcolm Lowe, formerly a director of the International Publishing Corporation, has joined the Board of INDUSTRIAL AND TRADE FAIRS, and has been appointed chairman.

★

Mr. John Hedges has joined PLESSEY ELECTRONIC SYSTEMS as managing director of Plessey EAE in Great Yarmouth. He was previously managing director of British Executive Air Services.

★

Mr. Ian Plummer has been appointed chairman of UNITED VENDING TRADERS, the seven-company national vending consortium. Mr. Plummer is managing director of the City Vending Company, a member of UVT, and takes over the chair from Mr. Robert White, of Bourne End Vending (Sales).

★

Mr. F. F. H. Schroeder has retired after 21 years at chairmon of FLEXILE and Mr. C. J. R. Pulis has become chairman in his stead. Mr. M. G. L. Gibbs has been appointed managing director.

★

JOSEPH CARTWRIGHT Limited, holding company for the Cartwright group, has announced the following Board appointments: Mr. John L. Mitchell, formerly financial director, is now deputy group managing director and financial controller. Mr. Peter Bewell and Mr. Peter G. Allsopp have joined the Board while respectively continuing as managing director of J. Cartwright Construction and managing director of J. Cartwright Developments. Mr. Kevin Kearney, lately of Josolyne Layton-Bennett and Co., chartered accountants, has been appointed group secretary and assistant to the financial controller.

★

Mr. R. B. Breton has been appointed vice-president, European region, of the ROYAL TRUST COMPANY, Montreal. The European Region includes operations in London, Jersey, Dublin, Isle of Man and Zurich. Mr. Breton, who was previously managing director of the Royal Trust Company of Canada, Royal Trust's UK subsidiary, will be based in London. Mr. N. R. Godwin has been made managing director of the Royal Trust Company of Canada, London.

★

Mr. N. E. Shepherd (Guardian Royal Exchange) has been elected chairman of the BRITISH INSURANCE ASSOCIATION INVESTMENT PROTECTION COMMITTEE in succession to Mr. R. Clowes (Refuge). Mr. B. Medhurst (Prudential) and Mr. J. D. Webster (Sun Life) have been elected deputy chairmen.

★

COMMERCIAL BANK OF AUSTRALIA announces that Mr. Michael R. Rendle is to join its London Board. Mr. Rendle recently returned to the UK to take up his position as director of BP Trading after about seven years in Australia, the last four as managing director of British Petroleum Company of Australia.

★

EXPANDED METAL COMPANY. Mr. E. C. Prentice, sales director since 1958, has been appointed deputy group managing director. Mr. M. Clarkson has been elected an alternate director and appointed group sales and commercial director from September 1.

★

Dr. Derek H. Pringle, managing director of Nclear Enterprises, has been appointed to the Board of the RADIOCHEMICAL CENTRE. Dr. Pringle also serves on the National Radiological Protection Board.

★

Mr. John G. Curtis has been appointed an additional director of UK PROVIDENT. Mr. Curtis is a director of Matheson and Co., with responsibilities for shipowning, shipbroking, freighting and property.

★

Mr. Abdulla Hussain Naama, chairman of Qatar Insurance Corporation, has been appointed to the Board of EUROSEAS SECURITIES.

★

Mr. J. B. Walker, a director of Scottish United Investors (Management), has been appointed to the Board of F. AND C. EUROTRUST.

★

KONTRON INSTRUMENTS, part of the Roche organisation, has appointed Mr. Robert J. Hughes to the Board. Mr. Hughes joined the company in 1976, and during the past year has been specifically responsible for establishing new finance and accounting procedures.

★

Mr. Ian McLarty has been appointed managing director of PREMIX FIBRE-GLAS. Mr. McLarty, who joined the company last year as marketing and sales director, takes over from Mr. Steve Searl, the previous managing director, who is returning to the U.S. to take up an appointment with the parent company.

★

Mr. Edward Cretney, chairman of Hauliers of Goole, has been appointed chairman of the ASSOCIATION OF YORKSHIRE AND HUMBERSIDE CHAMBERS OF COMMERCE for 1978-79. The new vice-chairman is Mr. Peter Schofield, chairman of Schofields (Yorkshire).

★

Mr. C. Salén, a director of Cargolux Airlines International SA, has been elected to the Board of the THROUGH TRANSPORT MUTUAL INSURANCE ASSOCIATION.

★

Mr. Peter A. Sussmann has been appointed a director of both AMETALCO and Ametalco Trading.

★

Mr. Michael C. Fryer has been appointed to the Board of YARCREST ENGINEERING (HOLDINGS). In parallel he assumes executive responsibility as manufacturing director of both Hi-Ton Engineering and Hi-Ton Transmissions.

★

Mr. Ray Denyer, who has been appointed financial director of GILL-MENTOR, joined the company in 1976 as company accountant and became secretary in March, 1977, a post he retains.

★

Mr. David Tyrrell Young, a partner in Spicer and Pegler, has been appointed chairman of the AUDITING PRACTICES COMMITTEE of the Consultative Committee of Accountancy Bodies. Mr. Young has been also co-opted as member of the Council of the Institute of Chartered Accountants in England and Wales. His appointment follows the resignation of Mr. Richard Wilkes on his election last month as vice-president of the English Institute. Mr. Young has been a member of APC since its formation and vice-chairman since last January. The new vice-chairman of the Committee is Mr. J. B. Stevenson, a partner in Touche Ross and Co., and chairman of the Scottish Institute's Auditing Practices Committee.

Dr. A. W. Taylor and Mr. G. H. Elliot have been appointed part-time members of the NATIONAL PORTS COUNCIL for two and three years, respectively. Dr. Taylor, chairman of the British Ports Association and of the Tees and Hartlepool Port Authority, is the former chairman of the ICI petrochemical division. Mr. Elliot, chairman of the Forth Ports Authority, is also managing director of Christian Salvensen and a director of the Scottish Provident Institution.

★

Mr. John Palmer, a solicitor in private practice at Tiverton, Devon, has been elected president of the LAW SOCIETY. Elected to the Council of the Law Society in 1963, Mr. Palmer was president of the Devon and Exeter Law Society in 1972 and of the Association of South Western Law Societies in 1973.

Mr. Geoffrey Drain, general secretary of the National and Local Government Officers' Association (NALGO), and Mr. David Owen, a director, Rubery Owen, are among a number of new trustees appointed by the Home Secretary to the COMMUNITY PROJECTS FOUNDATION.

★

Mr. Jim Brown, assistant chief executive and financial director, BRITISH SUGAR CORPORATION, retires at the end of August and Mr. Tom Rodgers, executive director with responsibility for its expansion and modernisation programme, becomes assistant chief executive. Appointed to the Board are Mr. Bob Chappell, now director and general manager of Beet Sugar Developments, one of British Sugar's subsidiary companies; Mr. Rodney Lund, now director of sugar sales and distribution; and Mr. Geoff Mulcahy, now director of finance.

LONDON TRADED OPTIONS

Option	Exercise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	98	-	118	-	132	-	843.
BP	800	48	20	73	2	100	1	
BP	850	8	13	-	7	67		
BP	900	1		22		45	17	
[illegible]								

Totals [illegible] 281 [illegible] 181 [illegible] 81

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., July 10, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Fri. July 7 Index No.	Thurs. July 6 Index No.	Wed. July 5 Index No.	Tues. July 4 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	212.44	+1.8	17.83	5.72	7.78	208.66	207.62	207.28	208.64	179.4[illegible]
2	Building Materials (28)	188.03	+1.5	18.44	5.89	7.65	185.26	185.28	185.14	185.63	148.7[illegible]
3	Contracting, Construction (27)	336.74	+1.4	20.71	4.08	7.02	331.94	332.11	333.17	336.04	244.2[illegible]
4	Electricals (15)	463.15	+2.6	14.85	4.01	9.54	451.61	443.63	444.45	452.50	357.3[illegible]
5	Engineering Contractors (14)	319.91	+2.5	18.75	6.38	7.10	311.99	310.05	307.14	308.62	257.6[illegible]
6	Mechanical Engineering (72)	170.08	+1.6	18.95	6.32	7.14	167.32	167.31	166.15	166.34	161.9[illegible]
8	Metals and Metal Forming (16)	159.67	+1.1	17.96	8.83	7.59	157.95	157.86	158.08	158.03	148.6[illegible]
11	CONSUMER GOODS (DURABLE) (52)	196.45	+1.7	17.41	5.32	8.07	193.15	190.14	189.71	191.14	169.1[illegible]
12	Lt. Electronics, Radio TV (15)	234.17	+2.0	15.66	4.36	9.00	229.60	222.58	221.72	224.47	195.8[illegible]
13	Household Goods (12)	174.85	+0.4	16.70	6.46	8.27	174.17	174.55	174.15	173.34	161.1[illegible]
14	Motors and Distributors (25)	122.22	+1.6	20.28	6.55	6.92	120.31	120.73	120.74	121.12	108.2[illegible]
21	CONSUMER GOODS (NON-DURABLE) (174)	199.31	+2.0	16.16	6.01	8.40	195.32	194.87	194.86	195.28	163.1[illegible]
22	Breweries (14)	219.26	+1.6	15.56	6.20	9.15	215.78	215.26	216.42	217.66	172.1[illegible]
23	Wines and Spirits (6)	258.03	+2.5	15.68	5.58	9.66	251.68	249.39	248.18	248.78	183.1[illegible]
24	Entertainment, Catering (17)	250.37	+2.3	15.72	6.93	9.31	244.85	242.41	242.44	244.30	207.33
25	Food Manufacturing (21)	193.61	+2.0	19.51	5.75	6.78	189.79	190.45	190.01	190.00	168.95
26	Food Retailing (15)	204.04	+2.3	14.33	4.99	9.64	199.51	199.00	198.43	197.93	168.95
32	Newspapers, Publishing (13)	398.41	+0.5	10.03	3.14	14.23	396.39	393.30	396.42	381.38	301.47
33	Packaging and Paper (15)	131.97	+1.3	19.91	8.03	6.63	130.29	130.06	130.40	130.89	119.71
34	Stores (39)	182.35	+2.9	11.56	4.90	12.69	177.22	177.24	177.01	178.23	142.4[illegible]
35	Textiles (25)	173.39	+1.9	19.07	7.99	6.82	170.19	169.16	169.41	167.91	163.07
36	Tobaccos (3)	237.04	+1.0	23.15	7.90	5.17	234.79	233.72	233.72	235.69	198.82
37	Toys and Games (6)	107.50	+0.8	18.92	5.81	6.46	106.67	107.39	106.73	106.83	98.37
41	OTHER GROUPS (97)	194.08	+1.8	16.54	6.09	7.91	190.67	190.40	190.76	190.94	177.67
42	Chemicals (19)	277.62	+1.9	17.84	6.29	7.61	272.37	271.34	273.30	273.16	251.34
43	Pharmaceutical Products (7)	256.88	+1.8	11.25	3.99	11.06	252.21	252.15	252.41	251.79	0.00
44	Office Equipment (6)	129.19	+1.7	18.54	5.03	6.38	127.07	127.23	127.31	127.31	99.13
45	Shipping (10)	403.73	+1.6	17.95	7.58	6.86	397.47	396.09	396.62	399.19	476.03
46	Miscellaneous (55)	200.09	+1.6	17.91	7.22	7.44	196.85	196.91	196.27	197.06	173.60
49	INDUSTRIAL GROUP (495)	207.82	+1.9	16.75	5.91	8.10	203.95	203.20	203.17	203.84	177.33
51	Oils (5)	491.01	+2.2	15.03	4.03	7.21	480.38	473.77	479.08	479.52	508.60
59	500 SHARE INDEX	231.24	+1.9	16.48	5.62	7.95	226.82	225.64	226.00	226.66	203.90
61	FINANCIAL GROUP (100)	159.59	+2.5	—	5.94	—	155.67	154.83	154.47	154.74	134.58
62	Banks (6)	181.02	+2.2	26.14	6.20	5.79	177.10	175.62	174.15	175.37	151.64
63	Discount Houses (10)	200.83	+0.4	—	8.74	—	200.11	200.31	197.65	197.39	175.31
64	Hire Purchase (5)	142.08	+1.9	13.75	5.77	10.77	139.45	136.65	137.67	136.66	128.90
65	Insurance (Life) (10)	132.50	+3.4	—	6.87	—	128.13	126.88	126.74	126.39	103.62
66	Insurance (Composite) (7)	122.42	+3.5	—	6.97	—	118.23	118.34	118.87	118.90	108.83
67	Insurance Brokers (10)	333.61	+2.7	14.11	4.70	10.15	324.91	322.13	320.48	320.43	291.79
68	Merchant Banks (14)	76.50	+0.2	—	6.34	—	76.33	75.97	75.34	75.65	65.35
69	Property (31)	230.03	+2.3	3.55	3.23	48.53	224.88	223.86	223.40	223.33	184.44
70	Miscellaneous (7)	105.61	+0.1	24.04	7.91	5.41	105.49	104.92	105.16	105.55	87.82
71	Investment Trusts (50)	216.29	+1.7	3.21	4.80	31.19	212.59	211.23	210.26	208.64	169.55
81	Mining Finance (4)	100.30	+2.9	17.59	6.94	6.92	97.43	97.05	97.71	97.71	86.95
91	Overseas Traders (19)	314.18	+1.9	16.68	6.79	7.57	308.40	308.16	306.67	310.50	267.78
99	ALL-SHARE INDEX (673)	213.19	+2.0	—	5.68	—	208.91	207.63	207.96	208.45	185.43

FIXED INTEREST PRICE INDICES

	British Government	Mon. July 10	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.73	+0.33	0.06	4.81
2	5-15 years	114.45	+0.71	—	5.95
3	Over 15 years	120.70	+0.75	—	7.02
4	Irredeemables	124.69	+1.13	—	7.24
5	All stocks	112.72	+0.59	0.04	5.87

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Mon. July 10	Fri. July 7	Year ago (approx.)
1	Low	5 years	8.77	8.90	7.78
2	Coupons	15 years	10.94	11.05	11.50
3		25 years	11.44	11.76	12.49
4	Medium	5 years	11.45	11.63	10.58
5	Coupons	15 years	12.16	12.27	12.55
6		25 years	12.32	12.43	13.17
7	High	5 years	11.65	11.79	11.64
8	Coupons	15 years	12.64	12.75	13.51
9		25 years	12.96	13.09	13.64
10	Irredeemables		11.78	11.91	12.66

		Monday, July 10 Index No.	Yield %	Friday July 7	Thurs. July 6	Wed. July 5	Tues. July 4	Mon. July 3	Friday June 30	Thurs. June 29	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	56.72	13.09	56.72	56.64	56.64	56.57	57.16	57.21	57.19	55.91
16	Investment Trust Prefs. (15)	51.59	13.72	51.64	51.63	51.62	51.05	51.05	51.01	51.29	[illegible]
17	Coml. and Indl. Prefs. (20)	70.80	13.13	70.14	70.14	70.24	70.62	70.49	70.66	70.59	69.10

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Jardine Estn. Tst. ...	$HK295.94	+3.58	2.59	
Jardine J'pn.Fd.* ...	$HK353.28	+22.13	1.00	
Jardine S.E.A. ...	$US16.79	+0.55	1.80	
Jardine Flem.Int. ...	$HK10.55	+0.66	—	
Intl Pacific Secs. ...	$HK12.67	+0.76	—	

NAV June 30. *Equivalent $US75.97. Next sub. July 14.

Keyselex Mngt., Jersey Ltd.
PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

Fonselex	Frs1,388	1,523	−17	2.60
Bondselex	Frs1,268	124.70	.....	—
Keyselex Int'l	£6.79	7.64	.....	—
Keyselex Europe	£3.89	4.41	.....	3.74
Japan Gth. Fund	$US27.87	29.13	.....	—
Keyselex Japan	£14.39	15.62	.....	—
Cent. Assets Cap.	£134.38		+0.10	.....

Cnv.Bd. July 7	$US9.55		−0.01	—
Engy.Int. July 7	$US17.46		+0.16	—
Gr.St.$Fd. June 30	$US7.88		.....	—
MercEbdFd July 5	$US10.37	10.68	.....	—

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. June 29	$US12.35	12.67	.....	—
CMT Ltd. June 29	£12.77	13.10	.....	—
Metals Tst. June 16	£12.17	12.47	.....	—
TMT June 8	$US10.57	10.98	.....	—
TMT Ltd. June 8	£10.68	10.96	.....	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd	$US15.21	+0.11	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Net of tax on realised capital gains unless indicated by ♦. ‡ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 463-468 465-470 N/T

INSURANCE BASE RATES

† Property Growth .... 10¼ %
†Vanbrugh Guaranteed 9.50%
† Address shown under Insurance and Property Bond Table

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

Financial

[illegible]

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
23	17	Antofagasta Rly.	23	.....	—	—
33	33	Do 5pc Pref.	33	.....	—	—
99	99	Chilean Mixed	98xd	.....	—	13.10
415	350	German Yng. 4½pc.	405xd	.....	4½	—
54	46	Greek 7pc Ass.	54	.....	3½	f6.48
51	46	Do 6pc 28 Stab. Ass.	51	.....	6	f6.00
44	40	Do 4pc Mixed Ass.	43xd	.....	4	f4.65
55	42	Hung. '24 Ass.	55	.....	4½	5.00
77	65	Iceland 6½pc '83-88	65xd	.....	—	12.50

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

[illegible]

AMERICANS

S.E. List Premium [illegible]
Conversion factor 0.6556 (0.6552)

[illegible]

CANADIANS

S.E. List Premium [illegible]

[illegible]

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's	P/E
69	52	Jessel Toynbee	56	—	[illegible]	2.5	h127	—
215	160	Joseph (Leo) £1	205xd	−3½	8.61	—	6.4	—
52	37	Keyser Ullmann	45	.....	0.66	—	2.2	—
74	56	King & Shax 20p	58	+2	3.39	—	8.8	—
114	90	Kleinwort B.L.	91	+1	4.12	—	6.9	—
297	242	Lloyds £1	262	+7	9.09	5.5	5.3	5.3
50½	42	Manson Fin. 20p	45	+1	†2.79	1.5	9.4	11.2
134	105	Mercury Secs.	105xd	+2½	3.73	—	5.4	—
*390	330	Midland £1	345	+7	14.75	4.3	6.5	5.4
£92	£78	Do. 7½% 83-93	£79	.....	Q7½%	21.1	f9.6	—
£95¾	£82½	Do. 10¼% 93-98	£85¾	+½	Q10¼%	21.1	e13.0	—
64½	56	Minster Assets	58	.....	3.55	2.5	9.3	6.6

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY
Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London PS4.
Telephone: 01-248 8000.
For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester. Tel: 246 8026

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam. P.O. Box 1296, Amsterdam-C. Telex 12171 Tel: 240 555
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn. Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel. 210039
Brussels: 39 Rue Ducale Telex 23283 Tel. 512-9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120
Frankfurt: Im Sachsenlager 13. Telex: 416263 Tel: 555730
Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545
Lisbon: Praca da Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's House, Queen Street. Telex 666813 Tel. 061-834 9381
Moscow: Sadovo-Samotechnaya 12-24, Apt 15. Telex 7900 Tel: 294 3748
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel. (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236 57.43
Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848
Rome: Via della Mercede 55. Telex 61032 Tel. 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel. 50 60 88
Tehran: P.O. Box 11-1279 Telex 212634 Tel. 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920
Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004 Telex 440225 Tel. (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh. 37 George Street. Telex 72484 Tel: 031-226 4139
Frankfurt: Im Sachsenlager 13. Telex 16263 Tel: 554667
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 423025 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236 86.01
Tokyo. Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh. 50c	175	......	Q50c	1.3	24.4
24	15	Rhod'n Corp. 16½p	16	......	0.56	7.1	5.3
80	52	Roan Cons. K4	70	......	—	—	—
175	122	Tanganyika 50p	155	–1	Q10.0	1.2	6.4
90	78	Do. Pref. 80p	87	......	Q9%	16.3	8.3
41	32	Wankie Col. Rh.1	35	+1	†Q7½c	1.4	18.3
16½	10	Zam. Cpr. SBD0.24	14½	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	13	......	—	—	—
132	64	Bougainville 50 Toea	118	+1	Q8c	1.4	4.2
125	63	BH South 50c	111	......	—	—	—
820	150	Central Pacific	525	......	—	—	—
245	148	Conzinc Riotinto 50c	234	......	Q10c	2.2	2.7
72	45	G.M. Kalgoorlie $1	46	......	—	—	—
140	81	Hampton Areas 5p	134xd	+3½	13.5	2.0	4.0
40	10	Metals Ex. 50c	28	+½	—	—	—
220	125	M.I.M. Hldgs. 50c	196	......	Q9c	1.7	2.8
39	10	Mount Lyell 25c	24	......	—	—	—
6½	1½	Newmetal 10c	4¾	+¼	—	—	—
143	79	North B. Hill 50c	122	+1	Q8c	1.5	4.0
16	8½	Nth. Kalgurli	13½	+½	—	—	—
176	117	Oakbridge $A1	161	......	†Q11c	1.9	4.3
50	30	Pacific Copper	46	......	—	—	—
£14¾	750	Pancont'l 25c	£13	......	—	—	—
40	12	Paringa M&Ex 5p	37½	+½	—	—	—
538	310	Peko-Wallsend 50c	518	+2	Q15c	4.0	1.8
300	50	Southern Pacific	210	–15	—	—	—
160	84	Westn. Mining 50c	146	–1	‡Q6c	1.4	‡
70	35	Whim Creek 20c	55	–5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	25	......	†2.51	1.6	15.2
390	240	Ayer Hitam $M1	390	+5	[illegible]	0.9	‡
60	45	Beralt Tin	53	......	3.75	4.4	11.2
300	200	Berjuntai $M1	300	+5	‡Q118c	ϕ	‡
145	111	Geevor	135	+5	h4.51	3.4	5.1
10	8½	Gold & Base 12½p	9½	......	—	—	—
300	220	Gopeng Cons.	300	+5	15.0	0.9	7.7
165	130	Hongkong	160	......	—	—	—
93	78	Idris 10p	85	......	12.0	1.6	22.6
11	10	Jantar 12½p	10	......	—	—	—
77	68	Kamunting $M0.50	77	......	2Q15.5c	0.7	4.3
510	450	Killinghall	460xd	......	Q125	ϕ	27.2
415	280	Malay Dredging $M1	415	+5	†Q95c	0.8	4.9
73	40	♠Pahang	73	......	‡Q3.75c	0.5	‡
62	50	Pengkalen 10p	61	......	6.5	1.3	16.1
225	165	Petaling $M1	225	......	†Q80c	1.6	8.2
61	49	Saint Piran	49	......	g1.99	4.6	6.2
61	47	South Crofty 10p	55xd	+½	4.13	2.0	11.4
220	140	South Kinta $M0.50	215	+5	‡Q77.5c	1.4	7.8
320	230	Sthn. Malayan $M1	320	+5	‡Q131.3c	1.1	8.8
228	134	Sungei Besi $M1	228	+3	Q65c	ϕ	6.1
78	55	Supreme Corp. $M1	78	......	2Q10c	—	2.8
100	85	Tanjong 15p	92	......	6.5	0.8	10.7
100	74	Tongkah Hrbr. $M1	92	......	‡Q56.6%	1.6	‡
225	148	Tronoh $M1	225	......	2Q88c	1.6	8.4

COPPER

1978 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
100	70	Messina R0.50	84	+1	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
61	35	Barymin	51½	–1½	—	—	—
17	9	Burma Mines 17½p	14	......	—	—	—
300	220	Cons. Murch. 10c	260	......	‡Q30c	2.6	‡
465	245	Northgate C$1	410	–5	—	—	—
234	164	R.T.Z.	222	+6	9.5	2.8	6.5
90	30	Sabina Inds. C$1	66	–2	—	—	—
£12	750	Tara Expln. $1	875	–50	—	—	—
45	43	Tehidy Minerals 10p	43	......	1.33	ϕ	4.7
180	120	Yukon Cons. C$1	166	–3	Q7c	2.9	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- £ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or –
Albany Inv. 20p	24	+1
Ash Spinning	41	.....
Bertam	21	..
Bdg'wtr Est. 50p	267	.....
Clover Croft	26	.....
Craig & Rose £1	475	.....
Dyson (R. A.) A	38	...
Ellis & McHdy.	61	.....
Evered	17½	.....
Fife Forge	50	.
Finlay Pkg. 5p	23½	.....
Graig Ship. £1	140	.....
Higsons Brew	73	.....
I.O.M. Stm. £1	150	.....
Holt (Jos.) 25p	260	.....
N'thn. Goldsmith	55	..
Pearce (C. H.)	165	...
Peel Mills	20	.....
Sheffield Brick	45	.....
Sheff. Refrshmt.	52	...
Sindall (Wm.)	103	...

IRISH

Stock	Price	+ or –
Conv. 9% '80/82	£90⅝	+⅛
Alliance Gas	70	.....
Arnott	337	.....
Carroll (P. J.)	96	.....
Clondalkin	98	....
Concrete Prods.	130	.....
Heiton (Hldgs.)	40	..
Ins. Corp.	148	..
Irish Ropes	130	.....
Jacob	62	–1
Sunbeam	30	.....
T.M.G.	170	–5
Unidare	90	.....

OPTIONS

3-month Call Rates

Industrials

Stock	Rate	Stock	Rate
A. Brew	6½	I.C.I.	20
A.P. Cement	18	"Imps"	6
B.S.R.	9	I.C.L.	20
Babcock	11	Inveresk	8
Barclays Bank	25	KCA	3
Beecham	35	Ladbroke	17
Boots Drug	15	Legal & Gen.	14
Bowaters	16	Lex Service	7
B.A.T.	24	Lloyds Bank	22
British Oxygen	6	"Lots"	4
Brown (J.)	20	London Brick	5
Burton 'A'	12	Lonrho	5
Cadburys	5	Lucas Inds.	25
Courtaulds	10	Lyons (J.)	10
Debenhams	8	"Mams"	7
Distillers	15	Mrks. & Spncr.	10
Dunlop	7	Midland Bank	25
Eagle Star	11	N.E.I.	12
E.M.I.	14	Nat. West. Bank	22
Gen. Accident	17	Do. Warrants	10
Gen. Electric	18	P & O Dfd.	8
Glaxo	40	Plessey	8
Grand Met.	9	R.H.M.	5
G.U.S. 'A'	20	Rank Org. 'A'	18
Guardian	18	Reed Intnl.	12
G.K.N.	22	Spillers	3
Hawker Sidd.	20	Tesco	4
House of Fraser	12	Thorn	22
		Trust Houses	15

Stock	Rate
Tube Invest.	30
Unilever	35
Utd. Drapery	7½
Vickers	15
Woolworths	5
Property	
Brit. Land	3¾
Cap. Counties	4½
E.P.	5
Intereuropean	4
Land Secs.	16
MEPC	12
Peachey	8
Samuel Props.	9
Town & City	1¼
Oils	
Brit. Petroleum	45
Burmah Oil	5
Charterhall	3
Shell	28
Ultramar	20
Mines	
Charter Cons.	12
Cons. Gold	14
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday July 11 1978

SCHMIDT ON EUROPEAN MONETARY SYSTEM

Investment bank link plan

BY JONATHAN CARR

BONN, July 10.

HERR HELMUT SCHMIDT, the West German Chancellor, believes that the proposed new European monetary system may involve a link with the European Investment Bank—an institution which aims to transfer resources within the EEC.

In an interview with the Financial Times, Herr Schmidt said the bank "might in some way" be connected with the system. "You will be tempted to draw some parallels with the IMF and the World Bank in Washington."

This element did not emerge in Bremen last week, when Community heads of State and government agreed on fairly detailed guidelines on the new system.

However, it will be of interest at least to Britain, which maintains that along with the purely monetary questions, serious consideration must be given to other economic aspects — including transfer of resources.

The British Government, meanwhile, has reserved its attitude on the proposed timetable, under which the new system should be approved in December and come into effect early next year.

Herr Schmidt was not to be drawn into details of how he saw the final shape of the system, but he gave abundant evidence that he has a concept involving more than currencies alone.

The origin of his idea lay in the recognition that lack of currency stability "has been a main factor in the structural upheaval of the world's economy since the early 1970s. I think both domestic monetary stability and international currency stability are two absolutely necessary conditions for continuous growth."

He was convinced that the weight of a basket of European currencies vis-a-vis the dollar would make it less rewarding to speculate against the dollar. The resulting stability would bring economic benefits on both sides of the Atlantic.

Heer Schmidt said he did not feel that introduction of the new system would mean any addition risk for potential new southern entrants to the Community—in the sense of widening the economic gap between north and south Europe.

However, he added that "the question might more legitimately be asked with respect to those members of the EEC who may not in the first stage see fit to join the new system full scale. This is a question which they have to ponder. It might lead them to the conclusion that they should enter the monetary system from the start with full rights and duties."

The Chancellor did not specify the countries he meant, but Britain is clearly one of them—and perhaps Italy.

He did make it clear that there might be some added risk for West German money supply and therefore inflation from the intervention which the discipline of the new system would imply. But "Germany has been and must be willing to take some risks if it really want to serve European and world stability."

Herr Schmidt referred to British-German relations as good and to the British Prime Minister as "my friend Jim Callaghan."

"I have never heard from Callaghan's mouth public criticisms of my country whereas I have heard quite a few from other political figures in your country. I don't think political leaders should publicly criticise one another. In particular, one should not make the domestic situation for a partner more difficult than it already is in most countries."

The Chancellor refused to accept that basic policies between the two countries were in conflict—though disputes on this or that question arose sometimes. "But I do see some tendency in some parts of British society today to hold the European community responsible for some economic deficiencies in the UK."

UK caution on initiative

BY MICHAEL BLANDEN

MR. CALLAGHAN'S emphasis yesterday on the need for a convergence of economic policies to support the plans for a new currency arrangement within the EEC highlights one of the main reasons for Britain's unwillingness to make any commitment in principle to the new scheme at this stage.

Britain's reservations about the Franco-German proposals, which the two countries put forward at last week's EEC summit meeting in Bremen, arise on both general and particular considerations.

The Government is concerned that the brief outline which formed the basis of the Franco-German initiative left large gaps of both a technical and practical nature. These will need to be filled during the planned discussions before a full scheme can be laid before the Community members.

The main specific point raised by the UK and other countries is that the result of any new agreement should not have a net deflationary effect. This argument relates closely to the need for agreement on general economic policies stressed by the Prime Minister and to the insistence during the recent talks that the plan should require symmetry between the responsibilities of member countries

It is argued that the burden of adjustment should be shared between the surplus and deficit countries, with the former—at present particularly West Germany—taking parallel action to correct large payments surpluses. Otherwise, it is argued, the pressure on deficit countries would reduce the overall level of economic activity.

It is also emphasised that any new European arrangements must not damage the already weak dollar. This would result from any deflationary impact of econoimic measures, or from the proposals, technical details.

The plan as set out in Bremen could result in the establishment of a fund totalling upwards of \$50bn (£27bn) for use in smoothing exchange rate fluctuations. Half of this would represent a transfer of existing foreign exchange reserves. The rest could come from use of the currencies of member countries.

This would imply a reduction in the use of the dollar as the main intervention currency and possibly as a constituent of the EEC countries' reserves. The UK would want to be sure that the change would not hit the U.S. currency in the market.

The British Government regards the plan as containing a number of good points, and is prepared at present to take a neutral view on other aspects.

These include, for example, the suggestion that for a time it might be necessary to run a two-tier system with the new member currencies being required to observe less strict limits than the stronger members of the present European snake.

There is support in London and France also for the proposal that the new arrangement should include provision for credit facilities.

However, to the extent that the role of the Community and of the proposed European Monetary Fund would be similar to that of the International Monetary Fund, it is felt essential to define the conditions under which member country currencies could be used against the issue of European Currency Units.

Some of the UK's points have been recognised in the conditions which were set down at the finance Ministers' meeting on June 19, when Mr. Denis Healey was able to put forward the British view.

No deal on trade talks as deadline nears

BY DAVID EGLI

GENEVA, July 10

WITH ONLY a few days of talks left before the seven-nation economic summit meeting in Bonn, representatives of the main trading countries are still arguing here over the guidelines that will shape the final package in the long-drawn-out Tokyo round of multilateral trade negotiations.

The deadline for political agreement on the main issues was set many months ago for this Friday, but in spite of what Mr. Robert Strauss, the U.S. special representative for trade negotiations, termed "tremendous progress" in the last two days of talks with the EEC, it has become increasingly clear that some key elements will be missing.

Mr. Strauss said today that there would be a "very substantial" package for the Bonn meeting, but it would have gaps. "We haven't found a balance in a number of areas," he said.

Although progress was being made in one key area—subsidies and countervailing duties—he did not expect agreement to be reached on agriculture by the end of the week, and without a deal on agriculture there could be no overall agreement.

After taking a short break to take stock of the state of negotiations, most delegates believed that the package to be pieced together would fall considerably short of intentions, but would nevertheless provide a framework for continuing intensive negotiation until the end of the year.

Basic rules

Mr. Wilbelm Haferkamp, vice-president of the European Commission, told participants today that the aim was to establish a realistic basis for the final period of detailed negotiation—likely to last many months—before agreements are worked out.

There is still a long way to go in the negotiations covering industrial tariffs, agriculture and a wide range of non-tariff barriers and some restructuring of the basic rules of international trade.

On industrial tariffs, U.S. negotiators indicated that they were just beginning to work with the Japanese delegation, while Mr. Nobuhiko Ushiba, the Japanese Minister of State for External Affairs, was standing firm on the initial Japanese offer. This would not be improved in response to threats from the U.S. and the Europeans to withdraw offers, but only in response to mutual improvements.

Japan was seeking improvements "on top of the initial offers on the premise that other negotiating partners do likewise and that overall reciprocity is maintained," he said.

As for agriculture, Mr. Strauss told the meeting that "since we cannot settle for a negligible result. . . . our other accords, regardless of how expensive and important they may be, must be considered as settlements subject to ultimate satisfaction of reasonable agricultural requests."

Continued from Page 1

Air package

Aerospace, mainly at Hatfield, Herts., and Filton near Bristol, with 4,000 to 5,000 more working onit in sub-contractor and supplier companies.

There may be some foreign collaboration on it. Avco Lycoming of the U.S., which is to supply the engines, may become a risk-bearing sub-contractor supplying wings, while some parts may be built on the Continent.

Overall design and development control, together with final assembly, will be at British Aerospace's Hatfield factory.

The HS-146 is a small four-engined airliner, designed in two versions to carry between 70 and 100 passengers over distances of upwarsd of 150 miles, a "bus-stop" jet capable of using grass-strips or big airports, and designed to bring air services to communities throughout the world which have not had it before. A military version is planned.

It is intended to fly the prototype in 1980, and make first deliveries to customers in 1981-1982. The market is expected to be primarily in the Third World, and especially in Africa, the Middle East, the Far East and South America, but sales in the U.S. and Western Europe are already being discussed.

The estimated development cost of the two civil versions, the 70-seat Series 100 and the bigger 100-seat Series 200 are together put at £196m, of which about £104.8m is for research and development, and for jigs and tools, while the rest is for "support" and "education"—

If the military version is developed, it will cost £47m more, of which about £27.3m is for research, development, jigging and tooling, and about £19.7m for support and education.

THE LEX COLUMN

Gilt-edged back on even keel

At last the gilt-edged market appears to have worked off its touch of indigestion. The excessive speculative holdings of the long tap were largely cleared several weeks ago, but the market has continued to be overshadowed by technical weakness at the short end, where operators like the discount houses became too ambitious. They calculated that the banking corset would immediately lead to a drop in interest rates, but it has taken longer than they thought. Now prospects look a little brighter, however, and with sterling giving encouragement to the market yesterday the price of the long tap moved back to within ½ or so of the issue price. Equities, too, had their best day for some weeks, although there was nothing in the number of bargains marked to suggest any great revival in activity.

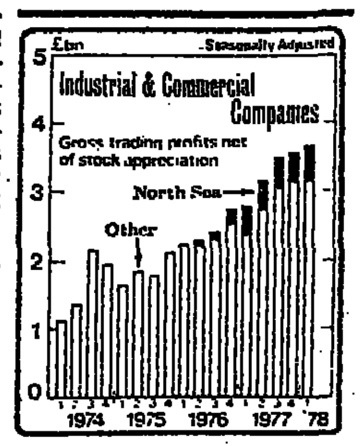
Whether the Government broker is jerked out of his recent inactivity will depend on the rush of statistics during the next few days. In particular the market is setting its sights on actual falls in June eligible liabilities (today) and money supply (next week). But the range of estimates is unusually wide.

Tate & Lyle

At the end of last September Tate and Lyle had short-term borrowing of £50m and £79m of cash and short-term deposits, so there appeared to be no pressing urgency for yesterday's £30m 10-year loan. However, Tate and Lyle is taking no chances. It looks as if pre-tax profits in the current year will fall from £43.9m to £22m-£23m and assuming that the dividend is not cut, retained profits will be overshadowed by capital spending of over £35m. Over the past couple of years net borrowings have risen from £31.5m to £84m and in the current year they could be up by a further £30m-£40m. Until Tate has completed its rationalisation of the UK cane sugar refining industry it seems as if it will have to face up to a heavy cash outflow.

Under the plan agreed with the Government early last year Tate reckoned on reducing its UK refining capacity from 2m tonnes to 1.4m tonnes by 1982. However, it assumed that EEC imports would decline and exports would continue at around

Index rose 9.9 to 465.5



0.2m tonnes per annum. In fact, imports have not tailed off. UK consumption has declined by about 8 per cent since 1973, and UK sugar beet production is growing faster than originally envisaged. Consequently, Tate may have to cut its capacity to close to 1m tonnes if it is to be restored to a sound long-term financial footing.

H. Wigfall

The Henry Wigfall Board yesterday cleared the first hurdle in its mission to justify rejection of Comet's offer by turning in full-time profits of £1.37m. This is comfortably ahead of the £1.2m forecast during the takeover battle and contrasts with a first-half loss of £353,000.

But Wigfall has a long way to go yet if the independent shareholders are to be compensated for the company's dreadful profit record in recent years. At this stage analysts are talking of pre-tax profits for the current year of the order of £2m plus, which puts the shares on a prospective fully taxed p.e. of 12—or just under 6 if it is assumed that Wigfall continues to face no tax liability.

But it has to remembered that Wigfall reported peak pre-tax profits of £2.4m in 1975. During the bid battle, moreover, the Wigfall directors made much play of the claim that shareholders were being offered £14m for a business claimed by them to be worth £25m. Assuming a return of 15 per cent, this would demand pre-tax profits for 1978-79 of the order of £4m. This is a long shot from yesterday's result.

If the directors believe they cannot manage such profits, they will come under pressure to another bid. In the meantime shares stand at 227p, against Comet's bid of around 275p

Ferranti

Last week's suspension [illegible] unofficial dealings in Ferranti underlined the fact that [illegible] has been a far from ord[illegible] market in the shares. A[illegible] is open to question whe[illegible] once a full listing is se[illegible] next month the market, but at least, will work [illegible] smoothly. With half the v[illegible] shares controlled by the [illegible] another 28 per cent held by two family directors and 6 [illegible] cent by Charter Consolid[illegible] only some 16 per cent of equity is in the hands of public at large. This faces company and its advisers a ticklish problem: that of [illegible]ing a price for the 1.3m non-voting shares which [illegible] to be sold to existing Fer[illegible] shareholders (upon which [illegible] shares acquire votes).

The arrangements are a [illegible] bizarre. Ferranti has to [illegible] 10 dealing days after the listing, and provided the sh[illegible] trade above 130p the NEB [illegible] then sell the 1.3m shares to other Ferranti shareho[illegible] at a price per share of [illegible] half the excess of the ave[illegible] quotation (during the 10 [illegible] over 200p. The higher market price the better for NEB, but given the narrow[illegible] of trading in the shares [illegible] is no guarantee that in [illegible] time span a true and [illegible] market price will be [illegible]lished. Maybe the NEB, w[illegible] has already more than tr[illegible] its money on its Ferranti s[illegible] should make other arr[illegible]ments.

Company profits

First quarter official fina[illegible] statistics for industrial and [illegible]mercial companies co[illegible] earlier indications that p[illegible] growth net of stock appreci[illegible] was tapering off in Jan[illegible] March. With North Sea re[illegible] picking up after pausing [illegible] most of 1977, profits outside [illegible] North Sea sector are estim[illegible] at £3.14bn, just about the [illegible] as in October-December. [illegible] while wholesale output [illegible] are continuing to rise at a moderate rate of around 0.[illegible] cent a month — so there [illegible] sign that industry is able to [illegible] on the full impact of [illegible] wages or raw material cost [illegible] 5.5 per cent since January [illegible]

Plan to end steelmaking at Scottish works

By Roy Hodson and Ray Perman

BRITISH STEEL wants to end steelmaking in one of Scotland's areas of highest unemployment to cut some £5m a year from the corporation's running loss of £400m a year.

Sir Charles Villiers, chairman of British Steel, yesterday handed Mr. Bruce Millan, the Scottish Secretary, a proposal for ending steelmaking at the Glengarnock Works, Strathclyde, and sent an explanatory paper to the TUC steel committee with a request for early consultations.

Although fewer than 1,000 jobs are at stake at Glengarnock strong opposition to the BSC proposals is inevitable. Unemployment is already running at 18 per cent in the neighbourhood.

The TUC steel committee is not expected to meet until Thursday. But the Iron and Steel Trades Confederation, the biggest steelworkers' union, has already insisted that there will be tough resistance to any job losses at Glengarnock.

British Steel is telling the Government and the unions that it could save £6.5m a year if Glengarnock—a very old steelworks were closed altogether. There is ample capacity in other British Steel works to turn out the Glengarnock railway products more cheaply.

However, British Steel is prepared to keep open the steel finishing end of the works "recognising the social problems involved."

Blooming mill

The British Steel formal proposal is that steelmaking should cease in accordance with a jointly agreed timetable, and that a joint review should be made of the possible shape and viability of a reduced mill operation

The corporation scheme involves taking semi-finished steel from the modern steelmaking centre of Ravenscraig, Scotland, to Glengarnock and re-heating the steel for rolling in the mill.

When the nearby Hunterston ore terminal is opened next winter some 120 new jobs will be available, most of which are expected to be taken by present Glengarnock employees.

The Scottish TUC last night committed itself to co-operate fully in the review of the future of the rolling mills at Glengarnock, but said it would fight to retain the maximum number of jobs.

The Beswick Report envisaged that 530 jobs would be lost if both the open-hearth furnace and the blooming mill were closed. But some union estimates last night put the figure as high as 750 jobs.

The British Steel statement was not as gloomy as unions feared it might be. They have already accepted that open-hearth steelmaking at Glengarnock must end, and see some hope in the fact that the Corporation has not planned closure of the rolling mills.

Brussels agrees to talks on nuclear fuel exports

BY GILES MERRITT

BRUSSELS, July 10.

THE EUROPEAN Commission has agreed to open negotiations with the U.S. Government on revisions to the U.S.-Euratom Treaty.

The Brussels decision to discuss U.S. demands for more stringent conditions governing the use of nuclear fuels which it exports follows several months of behind-the-scenes wrangling and appears to be a conciliatory gesture towards President Carter before next weekend's Bonn economic summit.

Talks on the new safeguards against proliferation of nuclear weapons, which the U.S. Congress unilaterally insisted on earlier this year, are expected to begin this autumn.

Now that the Commission has agreed to start negotiations, U.S. licences for export of enriched and super-enriched uranium can once again be issued.

The open disagreement between the U.S. and the major European countries, notably France, that followed the passing in March of the U.S. Nuclear Non-Proliferation Act, is unlikely to be resolved quickly by the Brussels decision.

Several Euratom member countries are openly resentful of increased U.S. control of EEC energy development.

Little serious progress is likely to be made until the results of the International Nuclear Fuel Cycle Evaluation (INFCE) are known late next year. The study was agreed at the seven-nation London summit in May 1977.

The negotiations are, in any event, likely to last several years, during which the EEC's own uranium enrichment capacity is expected to increase substantially—to at least 13,000 tonnes by the early 1980s.

The compromise formula that cleared the way for the coming talks between the European Commission and the U.S. is understood to have been worked out, following direct contacts between President Carter, and France's President Valery Giscard d'Estaing and West German Chancellor Helmut Schmidt.

Mexico outlines uranium needs

BY HUGH O'SHAUGHNESSY

MEXICO may become an important client for the uranium enrichment services of Urenco, the Anglo-Dutch-German nuclear concern which works from Capenhurst, Cheshire.

As part of the official visit to London of Sr. Santiago Roel, the Mexican Foreign Minister, Sr. Francisco Vizcaino Murray, director-general of the Mexican National Nuclear Institute, spoke yesterday with representatives of British Nuclear Fuels and its Dutch and German partners. He set out Mexico's requirements for fuel enrichment.

Mexico has two light water nuclear power stations in operation at the moment and has plans to build more. The Mexicans are turning to Urenco as they are unwilling to become too dependent on the U.S. for their nuclear needs. Both existing nuclear plants were built by U.S. companies.

On Friday, Sr. Roel and his party visited the UK Atomic Energy Authority plant at Harwell. Earlier they visted the Filton works of British Aerospace to see Concorde. Concorde is expected to be landing soon in Mexico City.

Sr. Roel also touched on possible co-operation between Mexico and Britain on oil matters. With big new oil finds, Mexico is becoming a major oil exporter for the second time though it has not joined the Organisation of Petroleum Exporting Countries.

Pemex, the state oil monopoly, has suggested collaboration with the British National Oil Corporation. It is understood that international oil marketing would be a possible field for co-operation.

Sr. Roel had talks yesterday with Dr. David Owen, the Foreign and Commonwealth Secretary, Mr. Edmund Dell, the Trade Secretary, and Mr. Tony Benn, the Energy Secretary.

Sr. Gustavo Romero Kolbeck, Governor of the Banco de Mexico, is also in London this week for discussions on Mexico's borrowing requirements and other financial matters.

Editorial Comment, Page 20

EEC bars Bank of England's proposal on money-brokers

BY JAMES BARTHOLOMEW

THE EUROPEAN COMMISSION has dealt a blow to the Bank of England's hopes of an early negotiated agreement on how City money-brokers should be regulated. The Commission has written to the Bank saying that a compromise which the Bank thought Brussels would approve is not acceptable.

The Commission's change of mind is believed to be due to its legal services department, which has looked at the proposed agrement as it neared the final stages and decided that it does not conform to EEC rules.

The basis of the compromise was that London money-brokers would continue to regulate themselves through the Foreign Exchange and Currency Deposit Brokers' Association, but with stated admission criteria.

The Bank of England would act as a form of court of appeal if an applicant claimed he was unfairly excluded.

This was seen on the British side as a happy compromise between the City and its tradition of self-regulation and the more structured and rule-conscious EEC.

But now the Commission is insisting that the Bank choose one of two paths, neither of which the Bank likes in the least.

By the first, and possibly more likely, route the Bank would take complete responsibility for the money-brokers and license them.

The Bank, and some brokers, are against this idea. They believe that members of the association accept more willingly the spirit of rules they make for themselves.

Continued from Page 1

Output prices

with a rise of 1¼ per cent in the previous month.

In the last year, the raw material costs index has fallen by ¼ per cent, and this month's sharp rise in sterling against the dollar should have a favourable impact on the July index.

The cost of raw materials bought by manufacturing industry outside the food sector increased by ½ per cent last month. Rises in the cost of some

Weather

UK TODAY

DRY in most districts.

London, S.E., Cent. S. England, Midlands
Dry, sunny spells. Max. 22C (72F).

E. Anglia, E., N.E. England
Dry, sunny later. Max. 18C (64F).

Channel Is., S.W. England, S. Wales
Rain or drizzle. Max. 18C (64F).

N. Wales, N.W., Cent. N. England, Lakes, I. of Man
Dry, sunny spells. Max. 20C (68F).

Scotland
Dry, sunny spells in W. Max. 19C (66F).

N. Ireland
Mostly dry. Max. 18C (64F).

Outlook: Mainly dry.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amsterdm.	C	17	63	Luxembrg.	C	15	59
Bahrain	S	35	95	Madrid	S	30	86
Barcelona	S	24	75	Manchstr.	F	20	68
Beirut	S	31	88	Melbourne	S	9	48
Belfast	C	16	61	Milan	C	24	75
Belgrade	F	19	66	Montreal	C	25	77
Berlin	R	17	63	Moscow	C	21	70
Birmghm.	F	19	66	Munich	C	14	57
Bristol	C	20	68	Newcastle	C	14	57
Brussels	C	16	61	New York	H	29	84
Budapest	C	18	64	Oslo	S	24	75
B. Aires	R	16	61	Paris	C	18	64
Cairo	S	37	99	Perth	S	15	59
Cardiff	R	15	59	Prague	F	13	55
Chicago	S	20	68	Reykjavik	C	14	57
Cologne	C	15	59	Rio de J'o	S	24	75
Copnhagn.	S	19	66	Rome	S	26	79
Dublin	D	14	57	Singapore	S	30	86
Edinburgh	C	12	54	Stockholm	R	17	63
Frankfurt	C	16	61	Strasbrg.	F	20	68
Geneva	S	20	68	Sydney	S	12	54
Glasgow	F	15	59	Tehran	S	31	88
Helsinki	R	14	57	Tokyo	S	31	88
H. Kong	S	31	88	Toronto	S	18	64
Jo'burg	S	17	63	Vienna	C	16	61
Lisbon	S	21	70	Warsaw	C	14	57
London	F	18	64	Zurich	F	17	63

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	22	72	Jersey	C	14	57
Algiers	S	29	84	Las Plms.	S	25	77
Biarritz	F	19	66	Locarno	C	23	73
Blackpool	S	21	70	Luxor	S	42	108
Bordeaux	S	17	63	Majorca	S	26	79
Boulogne	F	19	64	Malaga	S	19	66
Casblnca.	F	23	73	Malta	S	26	79
Cape Tn.	S	20	68	Nairobi	C	17	63
Corfu	S	28	82	Naples	F	23	73
Dubrovnik	S	22	72	Nice	S	22	72
Faro	S	27	81	Oporto	C	18	64
Florence	C	22	72	Rhodes	S	29	84
Funchal	S	23	73	Salzburg	C	11	52
Gibraltar	S	27	81	Tangier	F	24	75
Guernsey	D	14	57	Tenerife	S	24	75
Innsbruck	F	19	64	Tunis	S	29	84
Inverness	C	11	52	Valencia	S	30	86
Is. of Man	S	14	57	Venice	C	23	73
Istanbul	S	27	81				

S—Sunny. F—Fair. C—Cloudy. R—Rain. D—Drizzle. H—Hazy.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.